CALIFORNIA
REGIONAL ECONOMIES PROJECT

ECONOMIC PROFILE: NORTHERN CALIFORNIA REGION

Prepared for the

CALIFORNIA
ECONOMIC
STRATEGY
PANEL

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California Economic Strategy Panel

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PREFACE

The California Economic Strategy Panel (Panel) continuously examines changes in the state's economic base and industry sectors to develop a statewide vision and strategic initiatives to guide public policy decisions for economic growth and competitiveness (see www.labor.ca.gov/panel/). The fifteen-member Panel is comprised of eight appointees by the Governor, two appointees each by the President pro Tempore and the Speaker and one each by the Senate and Assembly Minority Floor Leaders. The Secretary of the California Labor & Workforce Development Agency serves as the Chair.

The Panel first identified California's economy as an economy of regions in 1996. At that time, the Panel also adopted a new way of looking at industry sectors and how they function and grow as industry clusters. These new ways of looking at the economy became the basis for the analytical work completed then, and have provided a foundation for the Panel's work since that time.

The California Regional Economies Project is currently the lead research mechanism for the Panel to identify economic policy issues. The project provides the state's economic and workforce development systems with data and information about changing regional economies and labor markets. The information provides a new resource in economic and workforce development planning and investment decisions and a bridge connecting economic and workforce policies and programs at the state and regional levels.

In order to understand the state's economy and the changes taking place within industry sectors and industry clusters, it is important to recognize the regional nature of the economy and to analyze the economic base by region. To do this, the statewide and nine regional economic base reports analyze the patterns of employment, business establishments, wages, population, unemployment rate and other key factors.

This report presents an in-depth analysis of the Northern California Region from 2001 to 2005. The statewide and eight other regional economic base reports are also available at www.labor.ca.gov/panel/. Previous economic base reports examined the 1990-2002 and the 2001-2004 periods. The earlier reports were the first economic base reports for the regional economies as they are defined today. The Panel's initial work, from 1994-1996, resulted in identification of six regions and provided regional economic base analyses; however, those regions had been significantly redefined by 1998, making comparisons to the early analyses impractical.

The source of the data used for these reports is the official employment and wage information reported by employers to the State. While a variety of other sources provide similar information, they may not capture the official numbers that employers report, or may not include input from all employers. This data source is the most comprehensive and accurate source of information direct from employers, and is therefore the best to use for public policy-making, planning and program administration.

The Panel has taken steps to institutionalize the analysis and preparation of these economic base reports within State government so that this analysis may be provided on a yearly basis.

Also, steps have been taken to leverage the body of knowledge that now exists around the study of industry clusters, gained through the California Regional Economies Project.

First, a non-confidential version of the data series, the *California Regional Economies Employment Series*, has been made available online by the California Employment Development Department's Labor Market Information Division (LMID) so that regional organizations may access this data at the county level. Second, a step-by-step guide, the *Industry Clusters of Opportunity User Guide,* is available online so that regional organizations can conduct industry cluster studies and work with business and industry to test and apply the findings. With this information, regional organizations may conduct their own economic base and industry cluster analyses down to the county level, and they may combine county data to create their own sub-regional study areas. Training workshops are being held to teach the methodology and processes outlined in the *Industry Clusters of Opportunity User Guide* to representatives from Local Workforce Investment Boards, economic development organizations, the Employment Training Panel, LMID, educational institutions and programs including Community Colleges and Regional Occupational Programs, and other local jurisdictions.

The statewide and regional economic base reports, the *Industry Clusters of Opportunity User Guide* and other studies are available on the Panel's website at www.labor.ca.gov/panel/espcrep.htm.

The *California Regional Economies Employment Series* is available online at www.labormarketinfo.edd.ca.gov/cgi/databrowsing/?PageID=173.

The California Regional Economies Project is sponsored by the California Labor & Workforce Development Agency, California Employment Development Department, California Workforce Investment Board and the California Community Colleges Chancellor's Office.

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INTRODUCTION

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Data Sources

The Quarterly Census of Employment and Wages (QCEW) data is the source for the private industry data, which uses the North American Industry Classification System (NAICS) coding system. The Current Employment Statistics (CES) data is the source for all levels of government employment data. The CES data does not offer wage information, so the government wage information in this report was taken from the federal Bureau of Labor Statistics (BLS) QCEW non-confidential data available online. A more detailed explanation of the data sources is available in the statewide report.

Industry Clusters versus Sectors

An industry sector is a group of firms that are doing the same type of work, making the same type of products, or providing the same types of services. Examples include manufacturing, construction, retail trade and health care.

An industry cluster is a group of interdependent industry sectors characterized by competing firms and buyer-supplier relationships, as well as shared labor pools and other specialized infrastructure. They are also geographically concentrated. When identifying "industry clusters of opportunity," the Project adds additional considerations that focus on employment opportunities for regional residents.

Definition of the Economic Base Industries

Economists divide industries into two groups; export-oriented and local-serving (also referred to as population-driven). Export-oriented industries are industries that sell a large portion of their goods and services to people and businesses in markets outside of the region, creating capital (bringing capital into) the region. Local-serving industries are industries that sell their goods and services to people and businesses in markets within the region. These industries do not typically create new capital for the region, but recirculate it within the region.

In the economic base reports completed in 2004, the two principal researchers who provided the analyses did not agree on a common definition of an area's economic base. One favored the traditional approach, while the researcher analyzing the rural regions felt that there were key local-serving industries that were critical to these rural regions and should be included in the economic base.

For the economic base reports completed in 2006, we chose to include some industries in our definition of the economic base that are not traditionally included. We acknowledged that this use of the term, "economic base," conflicted with the standard definition, and that we chose to redefine it for the purpose of those reports. We promised to revisit this issue, and have done so for the current reports.

The current reports begin with an overview of the economy and all major industry sectors. Next, we provide an analysis of the economic base. In order to recognize and reconcile past researchers' differences regarding the definition of the economic base, we have chosen to use the traditional definition of economic base for this section (as found in the economic base reports produced in 2004 for the urban regions) and to then follow it with a separate section that provides an in-depth analysis of other key industries and industry clusters that are also important to the region's economy – drawing from the reasoning behind the expanded definitions of the economic base used in some of the past reports. We do this in order to incorporate the traditional approach in a meaningful way for those who prefer that approach, while recognizing the importance of seeking alternative ways to view the economy.

A detailed discussion of the definition of the economic base and the differences between the previous and current reports is available in the statewide report.

Manufacturing

Manufacturing is a cornerstone of the economy. Changes in employment within Manufacturing are closely monitored. Therefore, it is important to note that the employment counts reported for Manufacturing may be impacted by two key factors.

First, some Manufacturing firms may report all of their employment in a given location as manufacturing, while not all of the work actually being done at that location is manufacturing. (This may be true for other industries, as well.) Firms are encouraged to report employment under multiple industry codes in order to most accurately capture the type of employment; however, this is somewhat at the firm's discretion.

Second, there is a growing percentage of manufacturing jobs being filled by the Employment Services industry,* suggesting that Manufacturing firms are relying more heavily on the use of temporary workers. These workers are reported as employees of the Employment Services firm, thus affecting the count of manufacturing jobs.

* US Department of Labor, Bureau of Labor Statistics, *Career Guide to Industries: Employment Services*

THE NORTHERN CALIFORNIA REGION

The Northern California Region includes eleven counties — Del Norte, Humboldt, Lake, Lassen, Mendocino, Modoc, Nevada, Plumas, Sierra, Siskiyou and Trinity. This region accounts for 1% of California's jobs and 1.5% of its population. The region's unemployment rate in 2005 was 6.9%. This region had the third highest unemployment rate of the nine regions, above the state average of 5.4%.

From 1990 to 2003, the Northern California Region experienced job growth of 15.2%, as reported in the first economic base report. Since the recent recession, job growth has fluctuated in the region, with a slight overall gain of 0.1% reported for the 2001-2005 period. During this time, Government industry jobs actually grew by 3.1%, while private industry jobs decreased by 1%.

The Northern California Region ranked eighth in employment growth among the nine regions for this period, and sixth in population growth.

Figure 1 Characteristics of the Southern California Region

Characteristics of the Northern California Region

(Numbers are in thousands, except for dollar amounts)

	Northern California	California	No. Calif. as % of CA
Population (2005)	536.7	36,154	1.5%
Labor Force (2005)	183,678	17,696	1%
Unemployment Rate (2005)	6.9%	5.4%	128%
Private Sector Jobs (2005)	125.1	12,828	1%
Manufacturing Jobs* (2005)	11.0	1,498.7	0.7%
Per Capita Income (2005)	$ 28,853	$ 36,936	78%
Average Wage (2005)	$ 27,726	$ 45,686	61%

Source: Jobs, Labor Force, Unemployment Rate and Average Wage – California Employment Development Department, Labor Market Information Division; Population and Per Capita Income – U.S. Bureau of Economic Analysis
* Manufacturing Jobs reported here are traditional production jobs (NAICS 31-33).

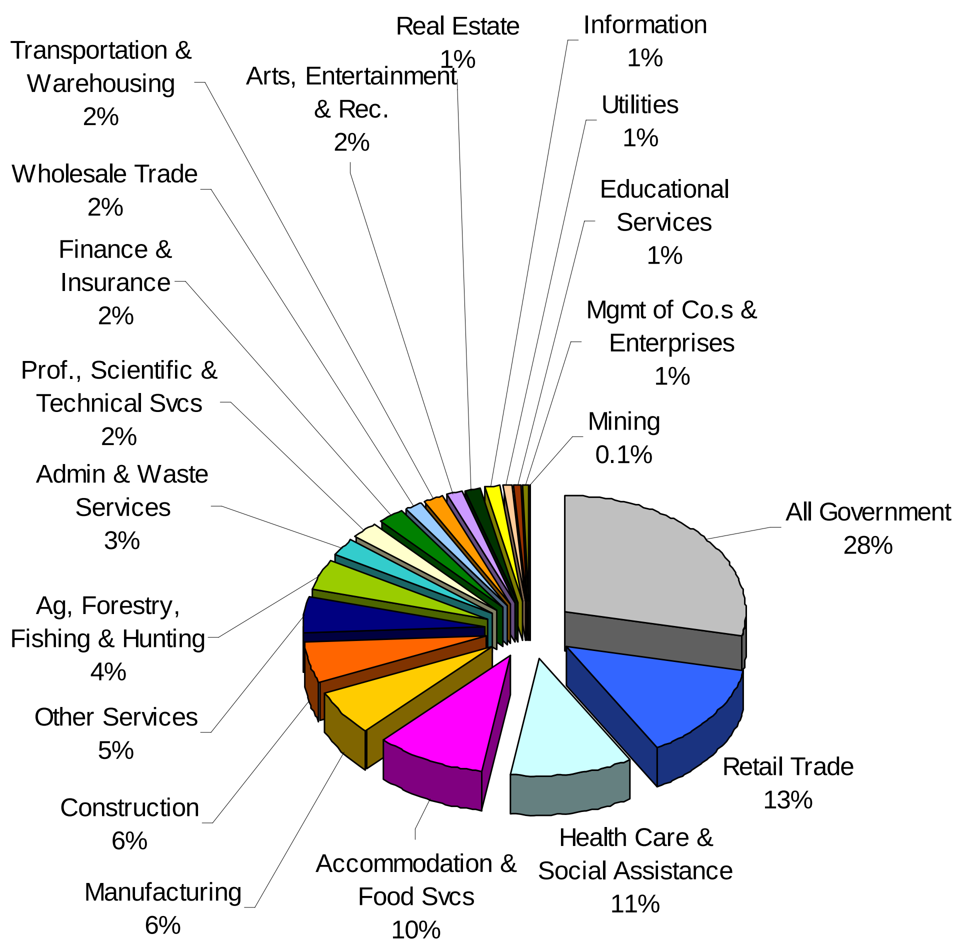
Employment Size

All Government provides the largest number of the region's jobs, with 231,900 jobs in 2005, or 28% of all jobs in the region. All Government reported 3.1% growth from 2001 to 2005. Within All Government, the largest sub-sector is Local Government, with 36,140 jobs in 2005.

The second largest sector is Retail Trade, providing almost 23,100 jobs, or 13% of all jobs in the region; however, this industry reported job losses of 2.1% from 2001 to 2005. The largest sub-sector within Retail Trade is Food & Beverage Stores, followed by General Merchandise Stores.

The third largest sector is Health Care & Social Assistance, with over 18,700 jobs (11% of all jobs in the region), followed by Accommodation & Food Services (10% of all jobs), Manufacturing (6% of all jobs), Construction (6%), and Other Services (5% of all jobs). **Figure 2** shows employment distribution across the major industry sectors.

Figure 2 Employment Distribution

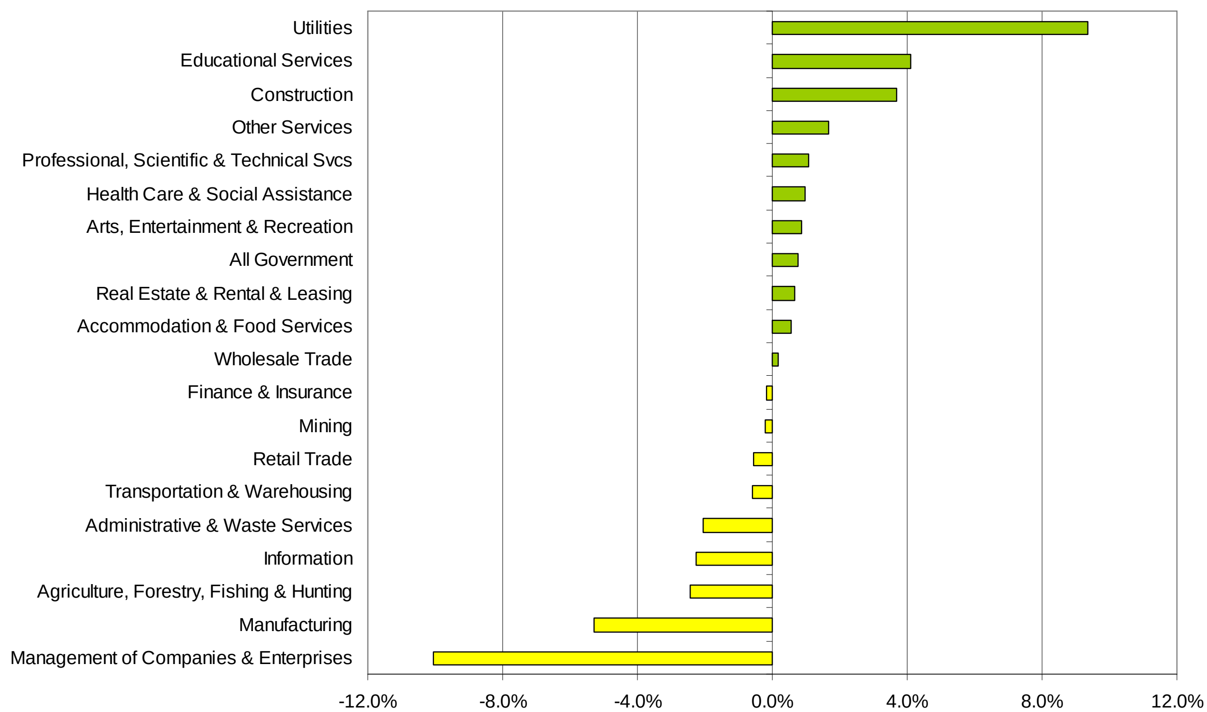


Of the 20 major sectors, 11 reported job gains from 2001 to 2005. The sector reporting the greatest number of jobs gained was All Government, up 1,500 jobs. This was followed by Construction, up almost 1,400 jobs; Health Care & Social Assistance, up 700 jobs; and, Other Services, up over 500 jobs.

Growth Rate

Utilities reported the strongest employment growth from 2001 to 2005, based on percentage of growth, at 43.1%, for an average annual growth rate (AAGR) of 9.4%. The second greatest job growth was reported by Educational Services, up 17.4% from 2001 to 2005, for an AAGR of 4.1%. This was followed by Construction, up 15.6% (3.7% AAGR), and Other Services, up 6.8% (1.7% AAGR). Growth for all industry sectors may be found in **Figure 3**.

Figure 3 Employment Growth 2001 - 2005



Concentration or Competitive Advantage

The concentration of jobs in an industry in a region, compared to the concentration at the state level, is another indicator of an industry's importance to the region's economy. A concentration level higher than 1.0 may indicate that the region has a competitive advantage in that industry; it may also indicate that the goods and services being produced are being consumed outside of the region.

In the Northern California Region, at the major sector level, Utilities reported the highest concentration in 2005, at 2.0. Next were All Government (1.8 LQ), Agriculture, Forestry, Fishing & Hunting (1.7 LQ) and Health Care & Social Assistance (1.3 LQ). Later in this section, the concentration will be presented for the industry group level (3-digit NAICS code level), which will reveal more in-depth information on important industries. The concentration for the ten largest industries is included in **Figure 4**.

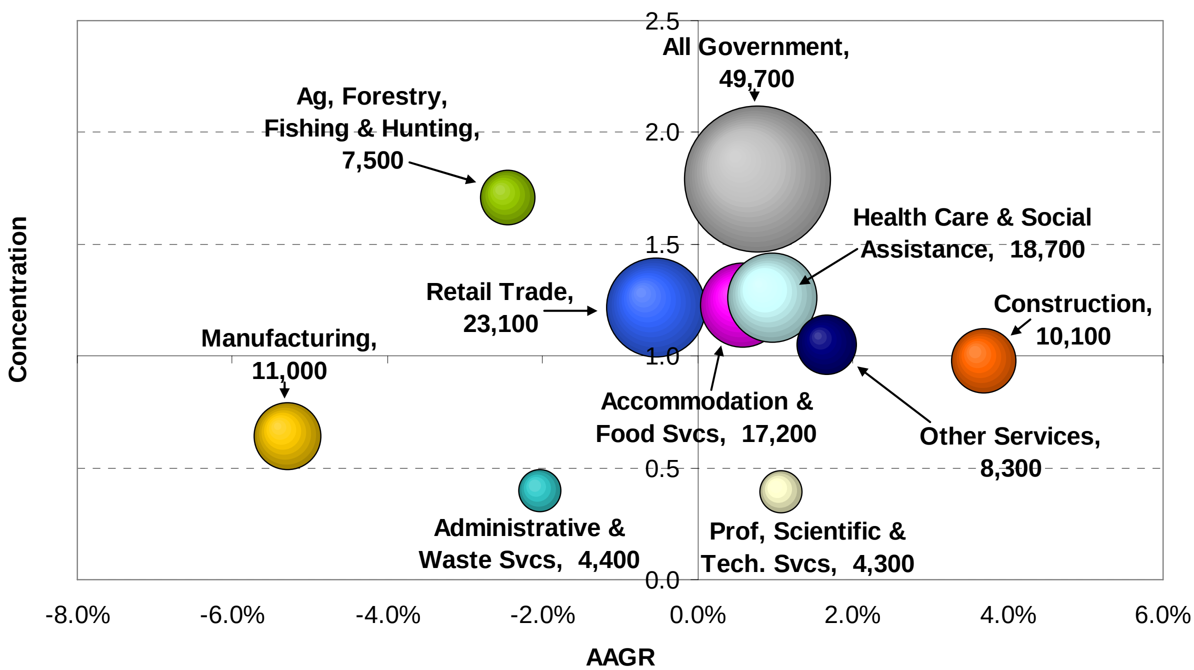
Comparing Size, Growth and Concentration

The bubble chart in **Figure 4** shows employment change from 2001 to 2005 for the region's ten largest industry sectors (based on employment size). This type of chart displays three important criteria in one chart – employment size, growth rate and concentration.

Interpreting the chart:

- The size of the bubble represents the employment size of the industry.
- The position from left to right indicates the employment change – to the left of zero means job losses, and to the right means job growth. The average annual growth rate (AAGR) is graphed as a percentage.
- The vertical position indicates the concentration of the industry in the region; the higher the bubble, the greater the concentration. A concentration greater than 1.0 means the region has a higher concentration of jobs in that industry than is found statewide. Industries highly concentrated in a region are important to the region, even if they are not the largest in employment size.

Figure 4 Size, Growth and Concentration of the Ten Largest Industries



For the ten largest industry sectors:

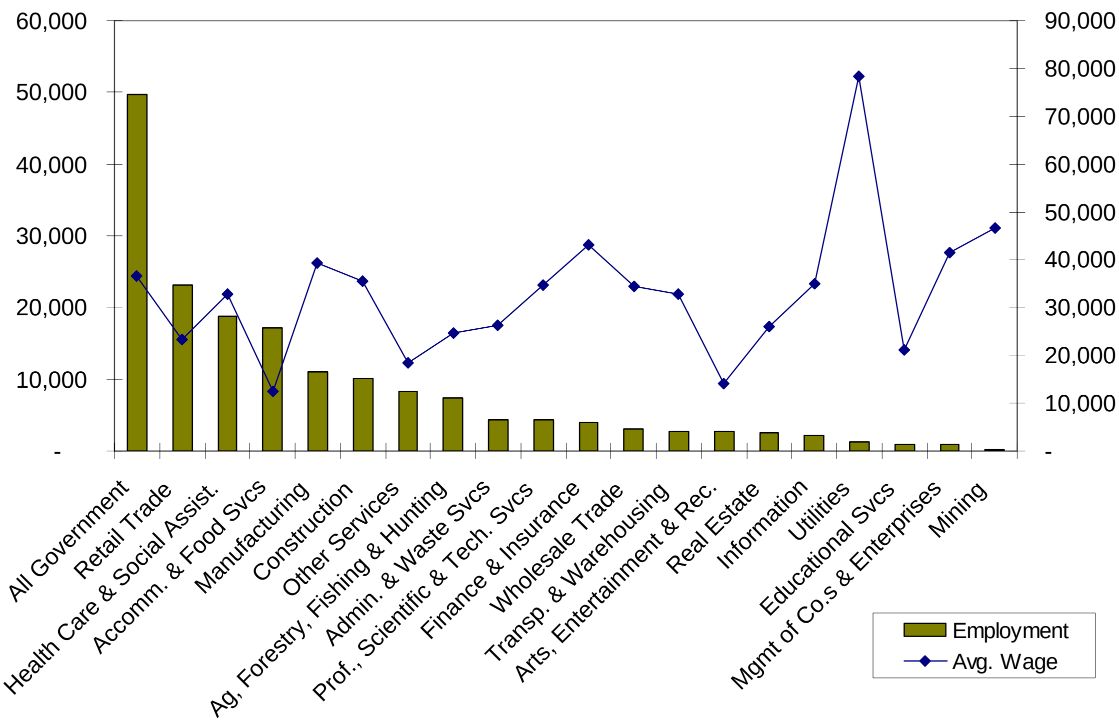
- All Government was the largest sector and had the highest concentration.
- Agriculture, Forestry, Fishing & Hunting had the second highest concentration, followed by Health Care & Social Assistance.
- Construction and Other Services reported the fastest growth rates.
- Six of the ten largest sectors reported job growth from 2001 to 2005.
- Manufacturing reported the highest percentage of job losses, followed by Agriculture, Forestry, Fishing & Hunting and Administrative & Waste Services.

Average Wages

Another important factor to consider is how well an industry pays. In 2005, the average annual wage across all private industries in the Northern California Region was $27,726, compared to the statewide average of $45,686. The Northern California Region ranked last among the nine economic regions.

At the major sector level, the highest average annual wage of $78,356 was reported by Utilities, followed by Mining ($46,732) and Finance & Insurance ($43,001). The lowest, $12,425, was reported by Accommodation & Food Services. The average annual wage in the government sector – the region's largest employer – was $36,489. **Figure 5** compares 2005 employment with the average annual wages reported by each industry sector.

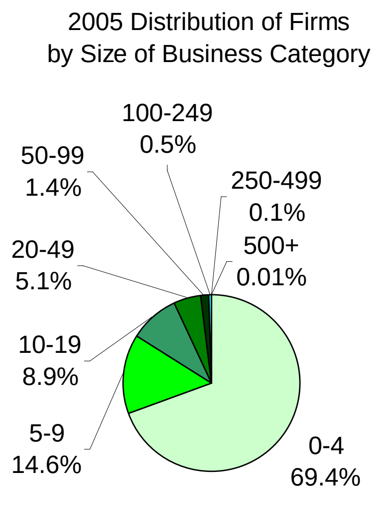
Figure 5 2005 Employment and Average Annual Wages

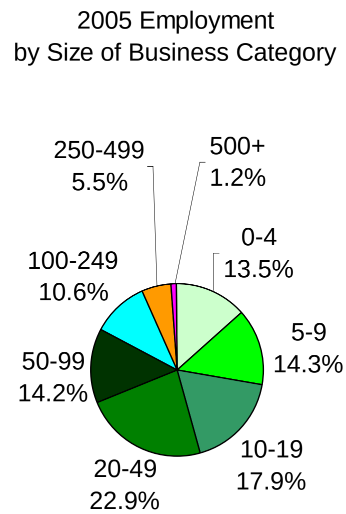


Size of Business

From 2001 to 2005, the percentage of businesses with fewer than 100 employees remained constant within the region at 99.3% in 2001 and 99.4% in 2005. The businesses with fewer than 100 employees provided 82.7% of all private industry jobs in 2005. In contrast, about 0.6% of all businesses in the Northern California Region employ 100 or more workers, and these businesses provide 17.3% of the region's private sector jobs.

Figure 6 Distribution of Firms and Jobs by Size of Business in 2005





Businesses with fewer than 50 employees provided 68.5% of all private industry jobs in 2005. Looking at the smallest firms, those with fewer than 10 employees provided 27.8% of all private industry jobs. A number of sectors reported 100% of businesses with fewer than 100 employees, as shown in **Figure 7** below. Manufacturing reported the lowest percentage, at 96.7%. (Some size of firm data was suppressed due to confidentiality.)

Figure 7 provides a summary of economic facts for all of the industry sectors.

Figure 7 Industry Composition in 2005

NAICS	Major Industry Sector	% of Employ-ment	Avg. Annual Growth Rate	2005 LQ*	Avg. Annual Wage	Firms with less than 100 empl**	Firms with less than 50 empl**
11	Ag, Forestry, Fishing & Hunting	7,500	-9.4%	1.7	$24,717	99.1%	97.0%
21	Mining	200	-0.8%	0.9	$46,732	100.0%	100.0%
22	Utilities	1,300	43.1%	2.0	$78,356	100.0%	94.1%
23	Construction	10,100	15.6%	1.0	$35,410	99.8%	99.2%
31-33	Manufacturing	11,000	-19.6%	0.6	$39,336	96.7%	91.9%
42	Wholesale Trade	3,000	0.6%	0.4	$34,546	100.0%	99.0%
44-45	Retail Trade	23,100	-2.1%	1.2	$23,203	99.1%	95.9%
48-49	Transportation & Warehousing	2,800	-2.4%	0.6	$32,689	100.0%	96.4%
51	Information	2,300	-8.8%	0.4	$34,995	100.0%	97.6%
52	Finance & Insurance	3,900	-0.7%	0.5	$43,001	99.3%	99.3%
53	Real Estate & Rental & Leasing	2,500	2.7%	0.8	$25,895	100.0%	100.0%
54	Prof., Scientific & Technical Svcs	4,300	4.4%	0.4	$34,601	100.0%	99.4%
55	Management of Co.s & Enterprises	900	-34.5%	0.3	$41,569	100.0%	89.2%
56	Administrative & Waste Services	4,400	-7.9%	0.4	$26,416	98.6%	96.5%
61	Educational Services	1,000	17.4%	0.3	$21,248	100.0%	97.4%
62	Health Care & Social Assistance	18,700	3.9%	1.3	$32,835	98.2%	95.6%
71	Arts, Entertainment, & Recreation	2,700	3.6%	1.0	$13,988	98.8%	95.1%
72	Accommodation & Food Services	17,200	2.3%	1.2	$12,425	100.0%	97.1%
81	Other Services	8,300	6.8%	1.1	$18,300	99.9%	99.9%
	All Government	49,700	3.1%	1.8	$36,489	N/A	N/A

* LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
** Some size of firm data was suppressed due to confidentiality.

Figure 8 shows the rankings for all major industry sectors in four important areas; employment size, growth rate, concentration and wages.

Figure 8 Rankings

NAICS	Major Industry Sector	Employmt Size (2005)	AAGR*	2005 LQ**	Avg. Wage
11	Agriculture, Forestry, Fishing & Hunting	8	18	3	15
21	Mining	20	13	10	2
22	Utilities	17	1	1	1
23	Construction	6	3	9	7
31-33	Manufacturing	5	19	12	5
42	Wholesale Trade	12	11	18	10
44-45	Retail Trade	2	14	6	16
48-49	Transportation & Warehousing	13	15	13	12
51	Information	16	17	15	8
52	Finance & Insurance	11	12	14	3
53	Real Estate & Rental and Leasing	15	9	11	14
54	Prof., Scientific, & Technical Services	10	5	17	9
55	Management of Co.s & Enterprises	19	20	20	4
56	Administrative & Waste Services	9	16	16	13
61	Educational Services	18	2	19	17
62	Health Care & Social Assistance	3	6	4	11
71	Arts, Entertainment, & Recreation	14	7	8	19
72	Accommodation & Food Services	4	10	5	20
81	Other Services	7	4	7	18
	All Government	1	8	2	6

** AAGR – Average Annual Growth Rate*

** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.*

Private Industry Sub-sectors and Industry Groups

While it is important to understand the economy at the major sector level, additional insight may be gained by looking at the sub-sector level, across all sectors. In the NAICS coding system, the three-digit level is the sub-sector level, and the four-digit level is the industry group level. The following explores the three- and four-digit levels in order to look within the major sectors to see specific sub-sectors and industry groups reporting significant employment, concentration and growth.

The ten largest sub-sectors (based on their employment size in 2005) provide 32.5% of the region's jobs:

- Food Services & Drinking Places (NAICS 722) provides 7.2% of the jobs;
- Ambulatory Health Care Services (NAICS 621) provides 4.1% of the jobs;
- Food & Beverage Stores (NAICS 445) provides 3.6% of the jobs;
- Hospitals (NAICS 622) provides 2.9% of the jobs;
- Specialty Trade Contractors (NAICS 238) provides 2.7% of the jobs;
- Accommodation (NAICS 721) provides 2.6% of the jobs;
- Wood Product Manufacturing (NAICS 321) provides 2.5% of the jobs;
- Professional, Scientific & Technical Services (NAICS 541) provides 2.5% of the jobs;
- Construction of Buildings (NAICS 236) provides 2.3% of the jobs; and,
- Administrative & Support Services (NAICS 561) provides 2.2% of the jobs.

The ten sub-sectors with the highest concentration[1], or greatest competitive advantage, (and representing at least 0.05% of the region's jobs in 2005) were:

- Forestry & Logging (NAICS 113) with a concentration of 41.5;
- Fishing, Hunting & Trapping (NAICS 114) with a concentration of 22.4;
- Wood Product Manufacturing (NAICS 321), with a concentration of 9.8;
- Beverage Manufacturing (NAICS 312) with a concentration of 2.7;
- Mining (except Oil & Gas) (NAICS 212) with a concentration of 2.6;
- Gasoline Stations (NAICS 447) with a concentration of 2.4;
- Animal Production (NAICS 112) with a concentration of 2.2;
- Nonstore Retailers (NAICS 454) with a concentration of 2.1;
- Accommodation (NAICS 721) with a concentration of 2.0; and,
- Utilities (NAICS 221) with a concentration of 2.0.

The top ten fastest growing sub-sectors from 2001 to 2005, and providing at least 0.05% of the region's jobs, were:

- Transportation Equipment Manufacturing (NAICS 336), with a 10.1% average annual growth rate (AAGR);
- Utilities (NAICS 221), with a 9.4% AAGR;
- Performing Arts, Spectator Sports & Related Industries (NAICS 711), with a 9.0% AAGR;
- Wholesale Electronic Markets & Agents & Brokers (NAICS 425), with a 7.9% AAGR;
- Specialty Trade Contractors (NAICS 238), with a 5.3% AAGR;
- Private Households (NAICS 814), with a 5.1% AAGR;
- Building Material & Garden Equipment & Supplies Dealers (NAICS 444), with a 4.7% AAGR;
- Personal & Laundry Services (NAICS 812), with a 4.7% AAGR;
- Construction of Buildings (NAICS 236), with a 4.4% AAGR; and,
- Educational Services (NAICS 611), with a 4.1% AAGR.

The top ten best-paying sub-sectors in 2005, and providing at least 0.05% of the region's jobs, were:

- Utilities (NAICS 517), with an average annual wage of $78,356;
- Securities, Commodity Contracts & Other Financial Investments and Related Activities (NAICS 523), $73,087;
- Computer & Electronic Product Manufacturing (NAICS 334), $68,073;
- Telecommunications (NAICS 517), $56,301
- Paper Manufacturing (NAICS 322), $51,512;
- Fishing, Hunting & Trapping (NAICS 518), $50,930;
- Heavy & Civil Engineering Construction (NAICS 237), $47,463;
- Insurance Carriers & Related Activities (NAICS 524), $46,545;
- Hospitals (NAICS 622), $46,045; and,
- Couriers & Messengers (except Internet) (NAICS 492), $44,668.

[1] A concentration greater than 1.0 means the region has a higher concentration of jobs in that industry than is found statewide. Industries highly concentrated in a region are important to the region, even if they are not the largest in employment size.

Looking at the four-digit NAICS level, at private sector industry groups, **Figure 9** shows facts about the top 20 fastest growing industry groups, where the industry groups provided at least 0.01% of the region's employment. Some of these industry groups are very small in employment, but may warrant watching due to the very high growth reported from 2001-2005.

Figure 9 Top 20 Fastest Growing Industry Groups

NAICS	Industry Group	2005 Empl.*	2001-2005 AAGR	2005 Avg. Annual Wage
4851	Urban Transit Systems	S	125.8%	$ 22,029
5152	Cable & Other Subscription Programming	S	114.1%	$ 38,037
4911	Postal Service	S	89.9%	$ 19,982
5161	Internet Publishing & Broadcasting	15	47.0%	$ 35,002
4869	Other Pipeline Transportation	S	45.6%	$ 49,325
4811	Scheduled Air Transportation	S	40.3%	$ 20,086
7113	Promoters of Perf. Arts, Sports & Similar Events	20	38.4%	$ 24,501
6117	Educational Support Services	70	31.6%	$ 20,989
2211	Electric Power Generation, Transmission & Distrib.	545	30.1%	$ 84,980
2131	Support Activities for Mining	S	28.4%	$ 57,555
5331	Lessors of Nonfinancial Intangible Assets	S	24.5%	$ 52,324
5621	Waste Collection	240	23.7%	$ 30,697
1111	Oilseed & Grain Farming	15	23.6%	$ 18,452
3369	Other Transportation Equipment Manufacturing	150	22.6%	$ 33,801
5172	Wireless Telecomm. Carriers (except Satellite)	55	22.3%	$ 29,766
7115	Independent Artists, Writers & Performers	80	22.0%	$ 26,214
5182	Data Processing, Hosting & Related Services	60	22.0%	$ 39,349
5223	Activities Related to Credit Intermediation	150	20.8%	$ 41,717
2372	Land Subdivision	160	20.7%	$ 62,985
4246	Chemical & Allied Products Merchant Wholesalers	20	20.2%	$ 33,530

- Employment rounded to nearest 5. "S" means the data is suppressed for confidentiality.

REGIONAL SNAPSHOT 2006 & 2007

*This snapshot provides estimates of employment change since 2005, to see what effects recent events may be having on the economy, as well as any lingering effects of the 2001 recession. This analysis uses a different data source than that used for the main report, so the findings for each time period are reported separately.**

For the Northern California Region, a look at recent preliminary data shows that the overall employment decline seen from 2001 to 2005 has reversed in 2006 and into 2007. Overall, nonfarm employment grew by 0.9% from 2005 to 2006, and again by 1.5% into 2007. From 2001 to 2005, six of the eleven sectors reported job losses; however, from 2005 to 2006, only two reported losses (Manufacturing and Other Services' losses continued). From 2006 to 2007, several sectors reported losses, but not enough to counteract overall job growth.

Of particular interest, the Professional & Business Services sector has reported growth since 2005, and the Manufacturing sector appears to be experiencing job growth since 2006. Construction reported strong growth through 2006, but this appears to be changing in 2007, and the Financial Activities sector is also starting to report job losses; these changes may be related to the housing downturn.

The following table summarizes employment change from 2001 to 2007. For 2001 through 2006, annual employment was compared; for 2006 to 2007, monthly employment data from July of each year was compared.

NORTHERN CALIFORNIA	2001-2005	2005-2006	July06-July07
Total Nonfarm	**-1.9%**	**0.9%**	**1.5%**
Natural Resources & Mining	-22.7%	0.0%	-1.2%
Construction	15.6%	7.6%	-6.9%
Manufacturing	-19.6%	-4.4%	2.7%
Trade, Transportation, & Utilities	-0.6%	0.0%	2.0%
Information	-8.8%	0.0%	-2.7%
Financial Activities	0.5%	2.1%	-3.4%
Professional & Business Services	-6.5%	1.4%	3.0%
Educational & Health Services	4.5%	0.6%	4.1%
Leisure & Hospitality	2.5%	1.3%	-0.7%
Other Services	-5.4%	-2.4%	4.5%
Government	3.1%	1.8%	2.8%

** The source for the 2006 and 2007 data is the Current Employment Statistics (CES) program. The source of the CES data differs from the primary source of data for this Economic Profile report, the Quarterly Census of Employment and Wage (QCEW) data, and information provided here may differ from the QCEW data released in the future for 2006 and 2007. Because the methodology behind the two data sources is different, the CES data is not commingled with the QCEW data in other sections of this report. This data was provided by the CES Unit at the LMID. The data used for the main report was summarized to match the definitions used in the CES data so that comparisons could be made regarding growth. For example, the CES data does not include the Private Households industry employment in the totals for the Other Services sector, as the Private Households industry only reports employment annually and data is not available for the CES monthly estimates.*

THE ECONOMIC BASE

The economic base is traditionally considered to be made up of export-oriented industries in the study area - industries that sell a large portion of their goods or services to people and businesses in markets outside of the area. While the past economic base reports have varied in how they defined the economic base, we have decided to use the more traditional definition for this section of the report. Other industries that are also important to the region will be discussed in a later section.

The following sectors make up the economic base:

High Tech Manufacturing
Diversified Manufacturing
Wholesale Trade & Transportation
Professional, Business & Information Services
Tourism & Entertainment
Federal Government (Defense & Other Federal Government)
Resource Based

The Northern California Region's economic base industries provided almost 33,600 jobs in 2005 (some employment was suppressed due to confidentiality within the Resource Based sector), or about 19% of the region's jobs. From 2001 to 2005, the economic base industries reported overall job losses of about 2,700 jobs, down 7.5%.

The Resource Based sector is the largest component of the region's economic base, reporting almost 8,100 jobs in 2005; however, the sector reported job losses of over 900 jobs from 2001 to 2005, down 10.3%.

The second largest component of the economic base is Tourism & Entertainment, with 7,300 jobs in 2005, followed by Professional, Business & Information Services with 5,700 jobs. Diversified Manufacturing is the fourth largest component of the economic base, providing over 5,500 jobs in 2005.

Each region's economic base is unique in that the distribution of employment differs from region to region. **Figure 10** shows the distribution of jobs in 2005 and **Figure 11** shows employment from 2001 to 2005 for the Northern California Region's economic base.

Figure 10 Economic Base Employment 2005

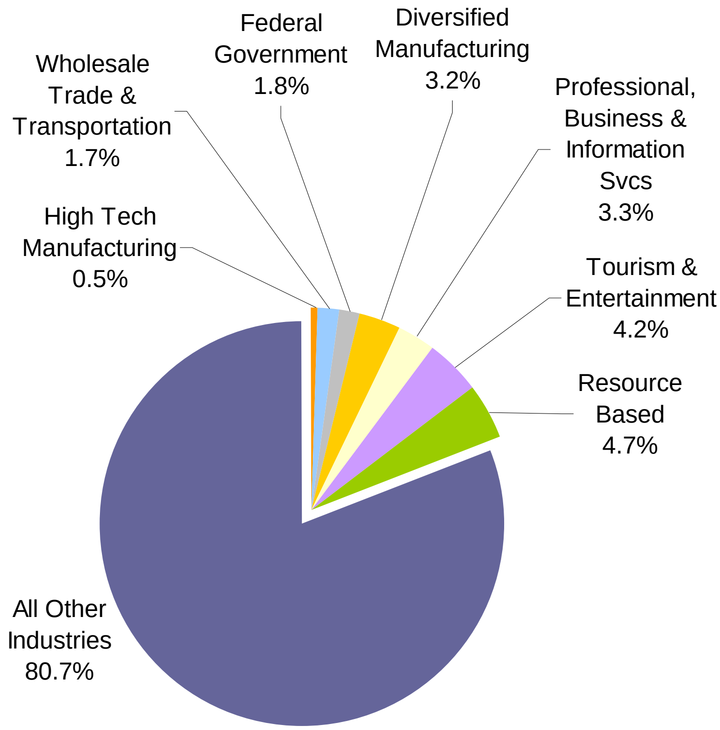
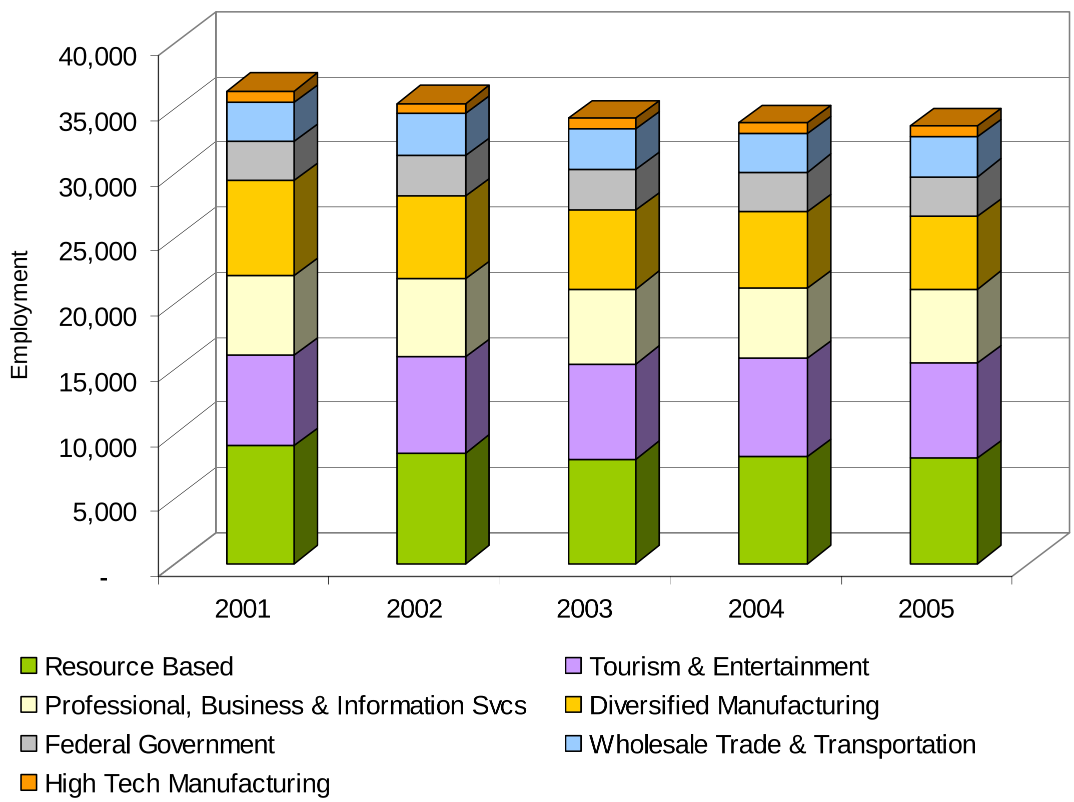


Figure 11 Economic Base Employment 2001-2005



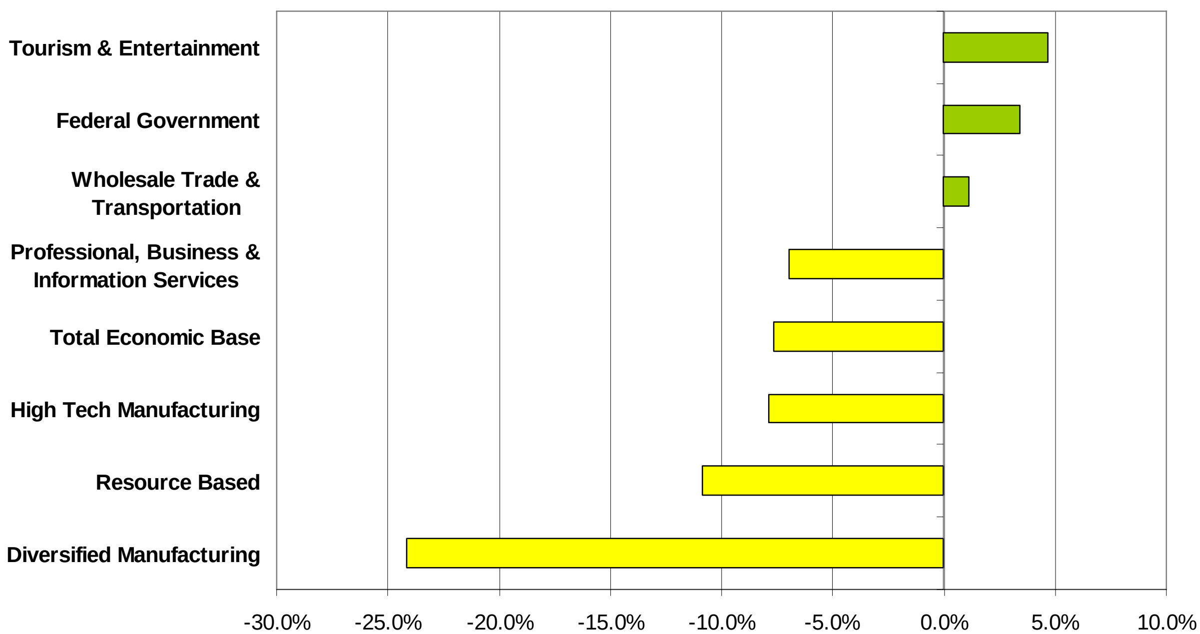
In addition to employment size, job growth is another important factor. For the period 2001 to 2005, three of the seven sectors of the economic base reported job growth. Tourism & Entertainment reported the fastest growth (highest percentage of job growth) for this period, up 4.8%, an increase of over 300 jobs. This was followed by Federal Government (Dept of Defense & Other Federal), up 3.4%, and Wholesale Trade & Transportation, up 1.1%.

Of the remaining four sectors, Diversified Manufacturing reported the greatest number and percentage of jobs lost from 2001 to 2005, down almost 1,800 jobs or 24.2%. Resource Based experiences the second greatest number and percentage of jobs lost, down over 900 jobs, or 10.3%. Next, Professional, Business & Information Services reported the loss of over 400 jobs (-7%), and last, High Tech Manufacturing reported the loss of less than 100 jobs (-7.8%).

Looking across all sub-sectors in the economic base, the industry group reporting greatest number of jobs gained was Accommodation, up almost 300 jobs from 2001 to 2005. The greatest percentage of jobs gained was reported by Data Processing, Hosting & Related Services; this is a very small industry, reporting just over 60 jobs in 2005.

Figure 12 shows job growth for each component of the economic base, from 2001 to 2005.

Figure 12 Job Growth 2001 - 2005



Size of Business

From 2001 to 2005, the percentage of economic base businesses with fewer than 100 employees remained constant at 98.7% in both 2001 and 2005. These businesses provided 74.1% of the economic base employment in 2001, and 75.5% of the base employment in 2005. In contrast, only 1.3% of the private sector businesses in the economic base employ 100 or more workers in 2005, and these businesses provide 24.5% of the economic base's private sector jobs.

Figure 13 Distribution of Firms and Jobs in the Economic Base by Size of Business in 2005

Size Category (# employees)	% of Firms	% of Employment
0-4	61.9%	10.2%
5-9	16.4%	11.1%
10-19	11.2%	15.4%
20-49	6.9%	22.1%
50-99	2.3%	16.7%
100-249	1.1%	16.8%
250-499	0.2%	7.7%
500+	0.0%	0.0%

Businesses with fewer than 50 employees provided 58.8% of all (private) economic base jobs in 2005; in comparison, businesses with fewer than 50 employees provided 68.5% of all private industry jobs in the region. Looking at the smallest firms, those with fewer than 10 employees provided 21.3% of all (private) economic base jobs.

Both High Tech Manufacturing and Wholesale Trade & Transportation reported the highest percentage of businesses with fewer than 100 employees, at 100%; however, this is somewhat misleading as some size-of-firm data was suppressed due to confidentiality for a number of economic base industries, causing these two sectors and some industries to report 100% of the firms having fewer than 100 employees when the actual percentages may be lower. Diversified Manufacturing reported the lowest percentage of businesses with fewer than 100 employees, at 94.5%. The percentage of economic base firms that are businesses with fewer than 100 employees and fewer than 50 employees, by industry sector, is included in **Figure 14**.

Figure 14 provides a summary of facts for the economic base industries (some employment is suppressed at the sub-sector level, due to confidentiality, in the Resource Based sector):

Figure 14 Economic Base

Sector	2005 Empl*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with less than 100 empl****	Firms with less than 50 empl****
High Tech Manufacturing	800	-7.8%	0.2	$ 66,325	100.0%	100.0%
Diversified Manufacturing	5,500	-24.2%	1.2	$ 40,768	94.5%	90.5%
Wholesale Trade & Transportation	3,000	1.1%	0.4	$ 34,406	100.0%	99.2%
Professional, Business & Information Svcs	5,700	-7.0%	0.3	$ 34,991	99.5%	98.3%
Tourism & Entertainment	7,300	4.8%	1.2	$ 14,128	99.5%	95.7%
Government, Defense & Other Fed. Govt.	3,100	3.4%	1.1	$ 48,971	Not Available	Not Available
Resource Based	8,100	-10.3%	1.5	$ 36,708	99.2%	97.1%
Total Economic Base*	33,600	-7.5%	0.7	$ 32,309	**98.7%**	**96.3%**

* Employment rounded to nearest 100. Total employment may not equal sum of sectors due to rounding.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
*** The average annual wage for the total economic base was calculated using only private industry wage and employment information.
**** Some size of firm data was suppressed due to confidentiality.

The Base Multiplier

One method for estimating the impact of the basic sector upon the local economy is the Base Multiplier. The Base Multiplier can provide insight as to how many non-basic jobs (jobs created in those industries not considered a part of the economic base) are created by one economic base job. The base multiplier is calculated by dividing the total employment by the economic base employment for a given year.

The Base Multiplier factor for the Northern California Region for 2001 through 2005 was:

Figure 15 Base Multiplier 2001 - 2005

Year	2001	2002	2003	2004	2005
Base Multiplier	4.78	4.98	5.10	5.12	5.19

This suggests that about 4 3/4 jobs were created in non-basic industries for every economic base job created in 2001. This has increased to over 5 jobs created in non-basic industries for every base job created in 2005.

The following provides a more in-depth look at each component of the economic base.

HIGH TECH MANUFACTURING

The High Tech Manufacturing component of the economic base includes Computer & Peripheral Equipment Manufacturing; Communications Equipment Manufacturing; Semiconductor & Other Electronic Component Manufacturing; Navigational, Measuring, Electromedical and Control Instruments Manufacturing; Aerospace Product & Parts Manufacturing; and, Pharmaceutical & Medicine Manufacturing. In 2005, this sector provided over 800 jobs and was the smallest component of the region's economic base.

Overall, this sector reported job losses of 70 jobs, down 7.8% from 2001 to 2005. Of the six industry groups within High Tech Manufacturing, only two reported job growth during this period. Communications Equipment Manufacturing reported gained 55 jobs, up 12%, and Aerospace Product & Parts Manufacturing gained 2 jobs, up almost 12%.

Job losses in High Tech Manufacturing were led by losses in Semiconductor & Other Electronic Component Manufacturing, down almost 80 jobs (-54.1%). The greatest percentage of jobs lost was reported by Pharmaceutical & Medicine Manufacturing, down 55% (a loss of 11 jobs).

Within High Tech Manufacturing, most of the jobs are found in Communications Equipment Manufacturing, followed by Navigational, Measuring, Electromedical, and Control Instruments Manufacturing.

The region has a much lower concentration of jobs in High Tech Manufacturing (0.2 LQ) than found at the statewide level; however, it has a higher concentration in Communications Equipment Manufacturing (1.6 LQ). **Figure 18** provides the concentration for all High Tech Manufacturing industries.

In 2005, the average annual wage for this sector was $66,325, which is much higher than the overall average annual wage of $27,762 for all private industries in the region. At the industry group level, average annual wages ranged from a high of $76,653 reported by Communications Equipment Manufacturing, to a low of $26,936 reported by Pharmaceutical & Medicine Manufacturing.

Figure 16 High Tech Manufacturing 2005 Employment & Average Wages

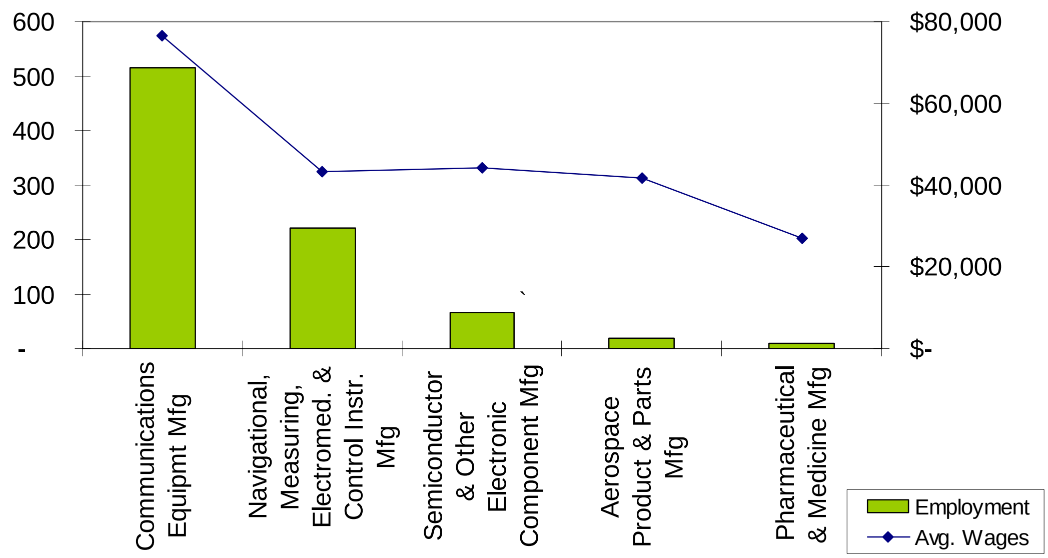


Figure 17 shows employment change from 2001 to 2005 for the industries in High Tech Manufacturing.

Figure 17 High Tech Manufacturing Industries Employment 2001-2005

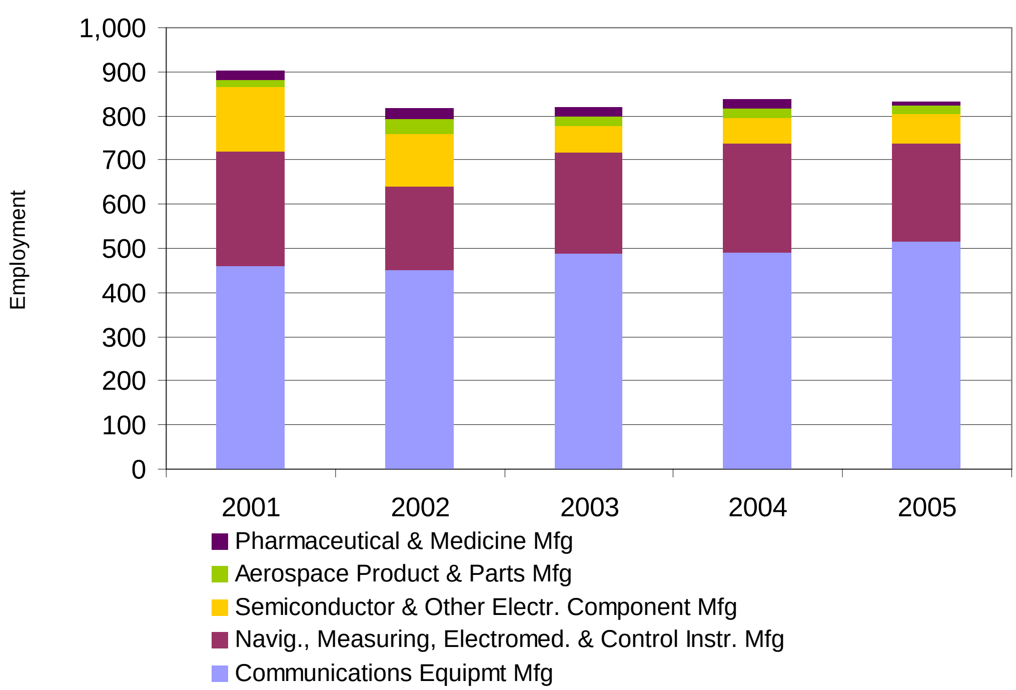


Figure 18 provides a summary of economic facts for the High Tech Manufacturing sector.

Figure 18 High Tech Manufacturing

NAICS	Industry	2005 Empl*	Growth 01- 05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 empl***	Firms with < 50 empl***
3341	Computer & Peripheral Equipmt Mfg	S	-14.3%	S	S	S	S
3342	Communications Equipment Mfg	520	12.0%	1.6	$ 76,653	100.0%	100.0%
3344	Semiconductor & Other Electronic Component Mfg	70	-54.1%	0.1	$ 44,353	100.0%	100.0%
3345	Navigational, Measuring, Electromed., & Control Instruments Mfg	220	-14.3%	0.2	$ 43,422	100.0%	100.0%
3364	Aerospace Product & Parts Manufacturing	20	11.8%	0.02	$ 41,672	100.0%	100.0%
3254	Pharmaceutical & Medicine Mfg	10	-55.0%	0.02	$ 26,936	S	S

* Employment rounded to nearest 10. "S" means employment was suppressed due to confidentiality.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
*** Some size of firm data may have been suppressed due to confidentiality. "S" means all such data was suppressed.

DIVERSIFIED MANUFACTURING

The Diversified Manufacturing component of the economic base includes Wood Product Manufacturing, Paper Manufacturing, Printing & Related Support Activities, Furniture & Related Product Manufacturing, Medical Equipment & Supplies Manufacturing, Apparel Manufacturing, Chemical Manufacturing (except Pharma), and Plastics & Rubber Products Manufacturing. In 2005, this sector provided over 5,500 jobs, and was the fourth largest component of the region's economic base.

Overall, Diversified Manufacturing reported job losses of 24.2% from 2001 to 2005. All eight sub-sectors reported job losses during this period. Wood Product Manufacturing reported the greatest number of jobs lost for this period, down over 1,500 jobs, or 26%. The greatest percentage of jobs lost was reported by Plastics & Rubber Products Manufacturing, down 45.5% (a loss of 70 jobs).

Within Diversified Manufacturing, by far the sub-sector providing the most jobs is Wood Product Manufacturing, with over 4,300 jobs in 2005, followed by Furniture & Related Product Manufacturing (340 jobs) and Paper Manufacturing (260 jobs).

The region has a higher concentration of Diversified Manufacturing jobs overall (1.2 LQ) than found at the statewide level. This is due to the very high concentration in one sub-sector, Wood Product Manufacturing (9.8 LQ).

In 2005, the average annual wage for this sector was $40,768, higher than the overall average wage of $27,762 for all private industries in the region. At the sub-sector level, this ranged from a high of $51,512 in Paper Manufacturing, to a low of $23,827 in Printing & Related Support Activities.

The 2005 average annual wage and employment are shown in **Figure 19**.

Figure 19 Diversified Manufacturing 2005 Employment & Average Wages

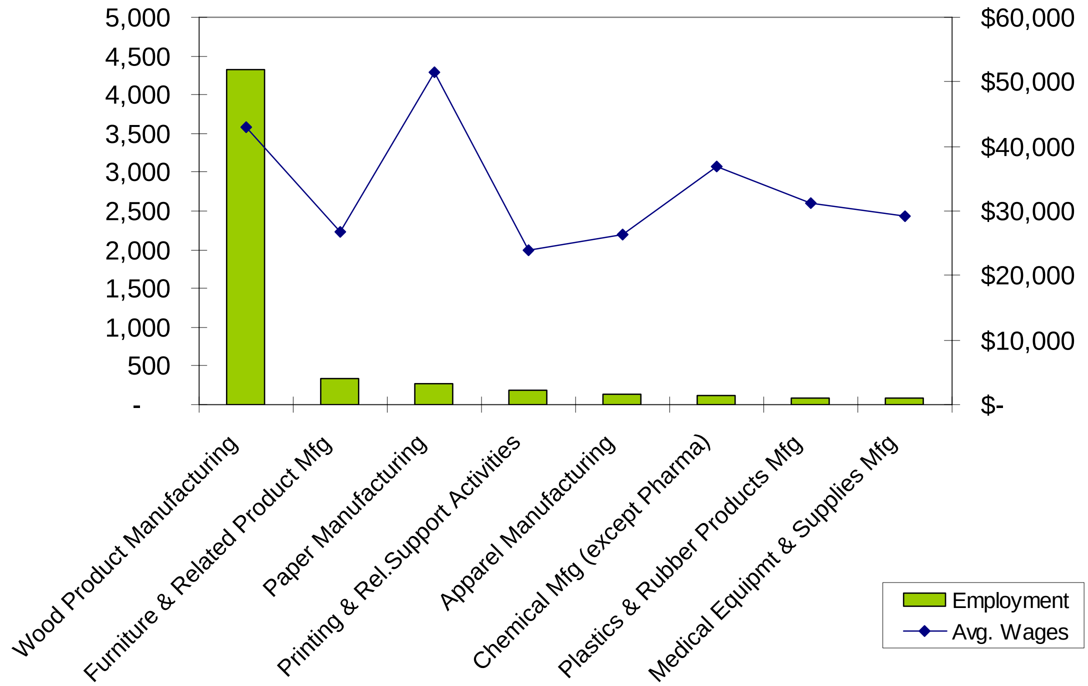


Figure 20 shows employment change from 2001 to 2005 for the industries in Diversified Manufacturing.

Figure 20 Diversified Manufacturing Industries Employment 2001-2005

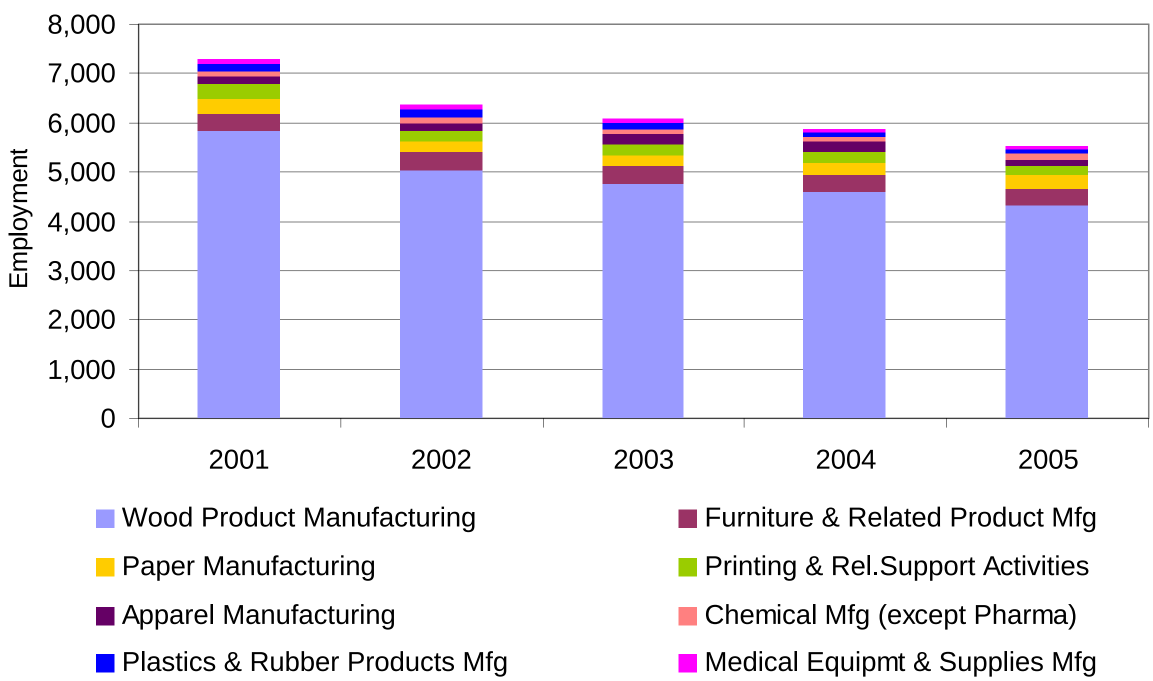


Figure 21 provides a summary of economic facts for the Diversified Manufacturing sector.

Figure 21 Diversified Manufacturing

NAICS	Sub-sector	2005 Emplymt*	Growth 01- 05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 empl***	Firms with < 50 empl***
321	Wood Product Manufacturing	4,330	-26.0%	9.8	$ 42,922	85.0%	73.8%
322	Paper Manufacturing	260	-12.1%	0.8	$ 51,512	S	S
323	Printing & Support Activities	190	-39.4%	0.3	$ 23,827	100.0	100.0%
337	Furniture & Related Product Mfg	340	-0.6%	0.5	$ 26,703	100.0	100.0%
3391	Medical Equipmt & Supplies Mfg	80	-6.1%	0.1	$ 29,177	100.0	100.0%
315	Apparel Manufacturing	140	-2.1%	0.2	$ 26,409	100.0	100.0%
325-3254	Chemical Mfg (except Pharma)	110	-0.9%	0.2	$ 36,925	100.0	100.0%
326	Plastics & Rubber Products Mfg	80	-45.5%	0.1	$ 31,143	100.0	100.0%

* Employment rounded to nearest 10. "S" means employment was suppressed due to confidentiality.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
*** Some size of firm data was suppressed due to confidentiality. "S" means all such data was suppressed.

WHOLESALE TRADE & TRANSPORTATION

The Wholesale Trade & Transportation sector includes Merchant Wholesalers, Durable Goods; Merchant Wholesalers, Nondurable Goods; Wholesale Electronic Markets & Agents & Brokers; and, Air Transportation. In 2005, Wholesale Trade & Transportation was the sixth largest component of the region's economic base, providing over 3,000 jobs.

Overall, Wholesale Trade & Transportation reported job growth of 1.1% from 2001 to 2005. Three of the four sub-sectors reported growth. Wholesale Electronic Markets & Agents & Brokers reported the greatest number of jobs gained, up over 70 jobs, or 82.8%. Air Transportation reported the greatest percentage of job growth, up 84.2%; however, this is a very small industry, with less than 40 jobs in 2005. Only Merchant Wholesalers, Nondurable Goods reported job losses during this period.

Within Wholesale Trade & Transportation, most of the jobs are found in Merchant Wholesalers, Nondurable Goods and Merchant Wholesalers, Durable Goods. Looking further, Merchant Wholesalers, Nondurable Goods employment is led by Petroleum & Petroleum Products Merchant Wholesalers (except Bulk Stations) and Beer & Ale Merchant Wholesalers. Merchant Wholesalers, Durable Goods employment is led by Jewelry, Watch, Precious Stone & Precious Metal Merchant Wholesalers and Lumber, Plywood, Millwork & Wood Panel Merchant Wholesalers.

The region has a much lower concentration of jobs in Wholesale Trade & Transportation (0.4 LQ) than at the statewide level. This is also true for all four sub-sectors. At a much more detailed level (5-digit level), high concentrations are found in a number of industries, led by Petroleum Bulk Stations & Terminals (4.3 LQ); Petroleum & Petroleum Products Merchant Wholesalers (except Bulk Stations) (3.7 LQ); Jewelry, Watch, Precious Stone & Precious Metal Merchant Wholesalers (2.7 LQ); Beer & Ale Merchant Wholesalers (2.6 LQ); and, Livestock Merchant Wholesalers (2.3 LQ).

In 2005, the average annual wage for this sector was $34,406, higher than the overall average wage of $27,762 for all private industries in the region. At the sub-sector level, this ranged from a high of $36,689 in Merchant Wholesalers, Durable Goods, to a low of $21,354 in Air Transportation.

Figure 22 shows employment and average annual wages for all of the sub-sectors.

Figure 22 Wholesale Trade & Transportation 2005 Employment & Average Wages

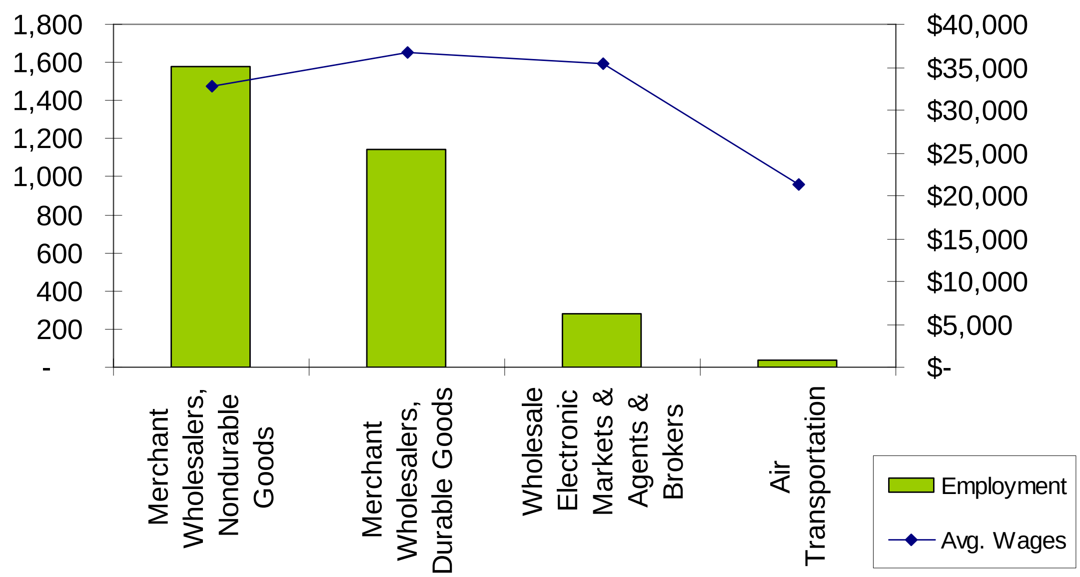


Figure 23 shows employment change from 2001 to 2005 for the industries in Wholesale Trade & Transportation.

Figure 23 Wholesale Trade & Transportation Industries Employment 2001-2005

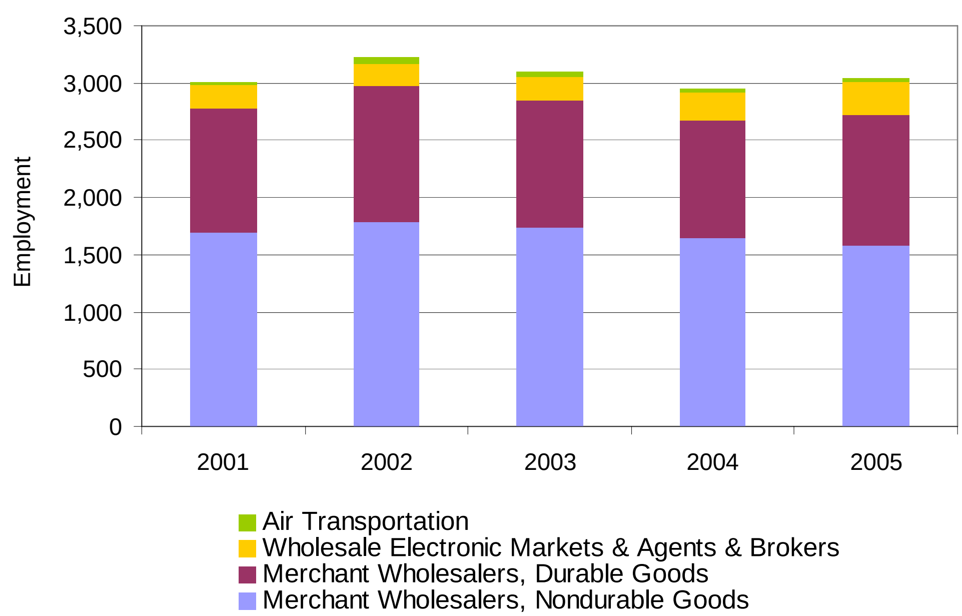


Figure 24 provides a summary of economic facts for the Wholesale Trade & Transportation sector.

Figure 24 Wholesale Trade & Transportation

NAICS	Sub-sector	2005 Emplymt*	Growth 01- 05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 empl***	Firms with < 50 empl***
423	Merchant Whlslrs, Durable Goods	1,150	5.4%	0.3	$ 36,689	100.0%	100.0%
424	Merchant Whlslrs, Nondurable Goods	1,580	-6.8%	0.6	$ 32,846	100.0%	98.3%
425	Whlsle Electr. Mkts, Agents, Brokers	280	35.7%	0.3	$ 35,479	100.0%	100.0%
481	Air Transportation	40	84.2%	0.1	$ 21,354	100.0%	100.0%

* Employment rounded to nearest 10.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
*** Some size of firm data was suppressed due to confidentiality. "S" means all such data was suppressed.

PROFESSIONAL, BUSINESS & INFORMATION SERVICES

The Professional, Business & Information Services sector includes Legal Services; Accounting, Tax Preparation, Bookkeeping and Payroll Services; Architectural, Engineering and Related Services; Computer Systems Design and Related Services; Management, Scientific and Technical Consulting Services; Scientific Research and Development Services; Management of Companies and Enterprises; Employment Services; Software Publishers; Internet Service Providers and Web Search Portals; and, Data Processing, Hosting and Related Services. In 2005, this sector was the third largest component of the economic base, and provided almost 5,700 jobs.

Overall, this sector reported job losses from 2001 to 2005of 7%, down almost 430 jobs. Only three of the eleven sub-sectors reported job gains during this period. Architectural, Engineering & Related Services reported the greatest number of jobs gained, up 190 jobs, and Data Processing, Hosting & Related Services reported the fastest growth (greatest percentage increase), up 121%.

Job losses were led by Management of Companies & Enterprises, down almost 470 jobs. Software Publishers reported the greatest percentage of jobs lost, down 48.6%.

Within Professional, Business & Information Services, most of the jobs are found in Employment Services, followed by Architectural, Engineering & Related Services.

The region has a much lower concentration of jobs in Professional, Business & Information Services (0.3 LQ) than found at the statewide level. This is also true for all of its sub-sectors.

In 2005, the average annual wage for the sector was $34,991. Software Publishers reported the highest average wage of $122,939, while Employment Services reported the lowest average wage of $24,026. **Figure 25** shows employment and average annual wages for all of the sub-sectors.

Figure 25 Professional, Business & Information Services 2005 Employment & Wages

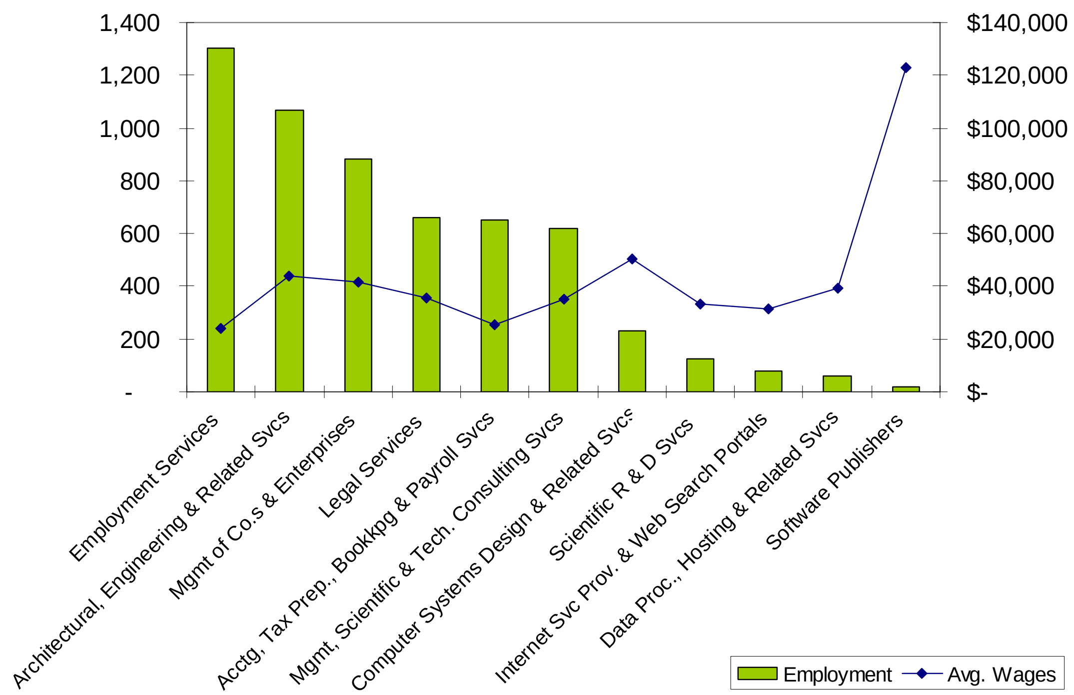


Figure 26 shows employment change from 2001 to 2005 for the industries in Professional, Business & Information Services.

Figure 26 Professional, Business & Info Svcs Industries Employment 2001-2005

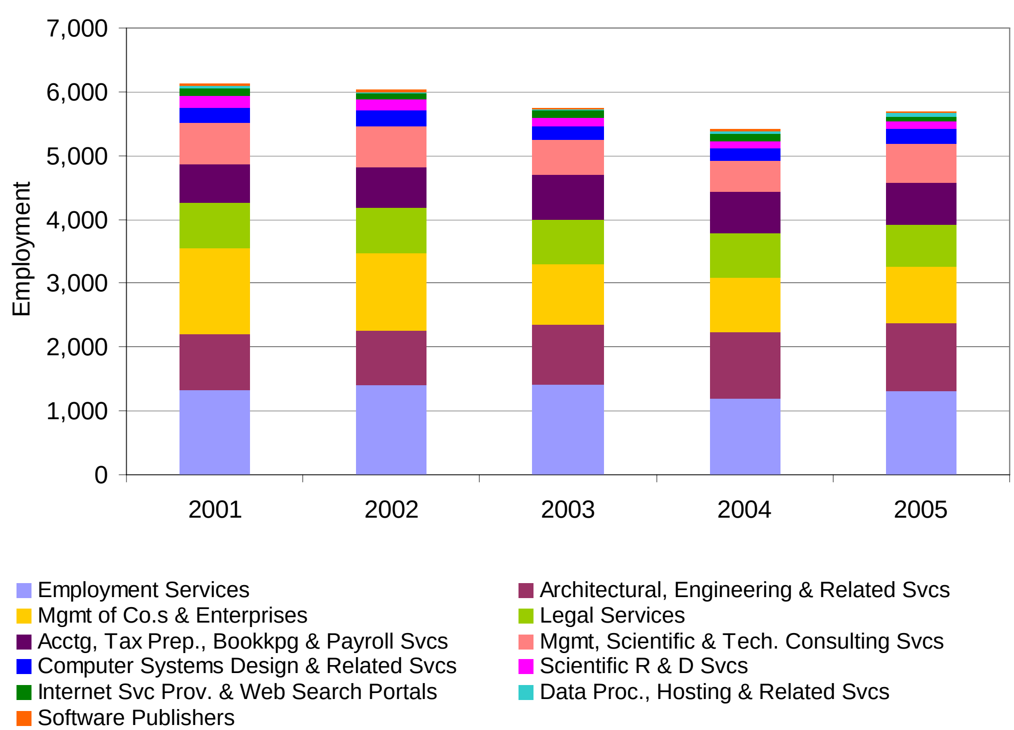


Figure 27 provides a summary of economic facts for the Professional, Business & Information Services sector.

Figure 27 Professional, Business & Information Services

NAICS	Industry	2005 Emplymt*	Growth 01- 05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 empl***	Firms with < 50 empl***
5411	Legal Services	660	-7.0%	0.4	$ 35,387	100.0%	100.0%
5412	Acctg, Tax Prep, Bookkpg & Payroll Svcs	650	7.1%	0.5	$ 25,480	100.0%	100.0%
5413	Architectural & Engineering Svcs	1,070	21.8%	0.6	$ 43,812	100.0%	97.8%
5415	Computer Systems Design Svcs	230	-5.0%	0.1	$ 50,576	100.0%	100.0%
5416	Mgmt, Scientific & Tech.Consult.Svcs	620	-3.3%	0.4	$ 34,959	100.0%	100.0%
5417	Scientific R & D Svcs	120	-37.9%	0.1	$ 33,055	100.0%	100.0%
5511	Mgmt of Co.s & Enterprises	880	-34.5%	0.3	$ 41,569	100.0%	89.2%
5613	Employment Svcs	1,300	-1.7%	0.3	$ 24,026	83.9%	71.0%
5112	Software Publishers	20	-48.6%	0.0	$122,939	100.0%	100.0%
5181	Internet Prov. & Web Search Portals	80	-28.6%	0.2	$ 31,630	100.0%	100.0%
5182	Data Processing & Hosting Svcs	60	121.4%	0.3	$ 39,349	100.0%	100.0%

* Employment rounded to nearest 100.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
*** Some size of firm data was suppressed due to confidentiality. "S" means all such data was suppressed.

TOURISM & ENTERTAINMENT

The Tourism & Entertainment sector includes Motion Picture & Video Industries; Sound Recording Industries; Amusement, Gambling & Recreation Industries; and, Accommodation. In 2005, this sector provided 7,300 jobs, and was the second largest component of the region's economic base.

Overall, this sector reported job growth of 4.8% from 2001 to 2005, up almost 340 jobs. Three of the four sub-sectors reported job growth. Accommodation reported the greatest number of jobs gained, up almost 290 jobs, and Motion Picture & Video Industries reported the fastest growth (greatest percentage), up 8.8%. Within Accommodation, most of the jobs are found in Hotels (except Casino Hotels) & Motels. Within Motion Picture & Video Industries, most of the jobs are found in Motion Picture & Video Exhibition.

Only the Sound Recording Industries sub-sector reported job losses during this period, down 38.7%.

The region has a higher concentration of Tourism & Entertainment jobs (1.2 LQ) than found at the statewide level. Two sub-sectors have higher concentrations; Accommodation (2.0 LQ) and Amusement, Gambling & Recreation Industries (1.3 LQ).

In 2005, the average annual wage reported for this sector was $14,128, significantly lower than the region's average wage for all private industries of $27,762. This ranged from a high of $30,460 for Sound Recording Industries, to a low of $11,614 for Motion Picture & Video Industries. **Figure 28** shows employment and average annual wages for all of the sub-sectors.

Figure 28 Tourism & Entertainment 2005 Employment & Wages

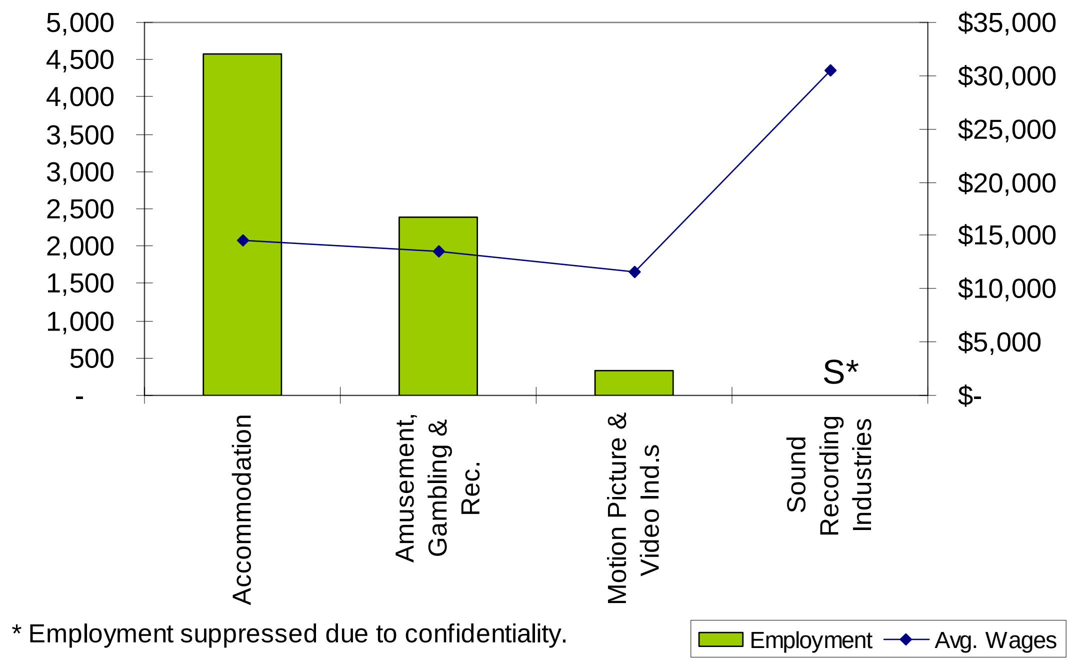


Figure 29 shows employment change from 2001 to 2005 for the industries in Tourism & Entertainment. Sound Recording Industries is not shown due to confidentiality.

Figure 29 Tourism & Entertainment Industries Employment 2001-2005

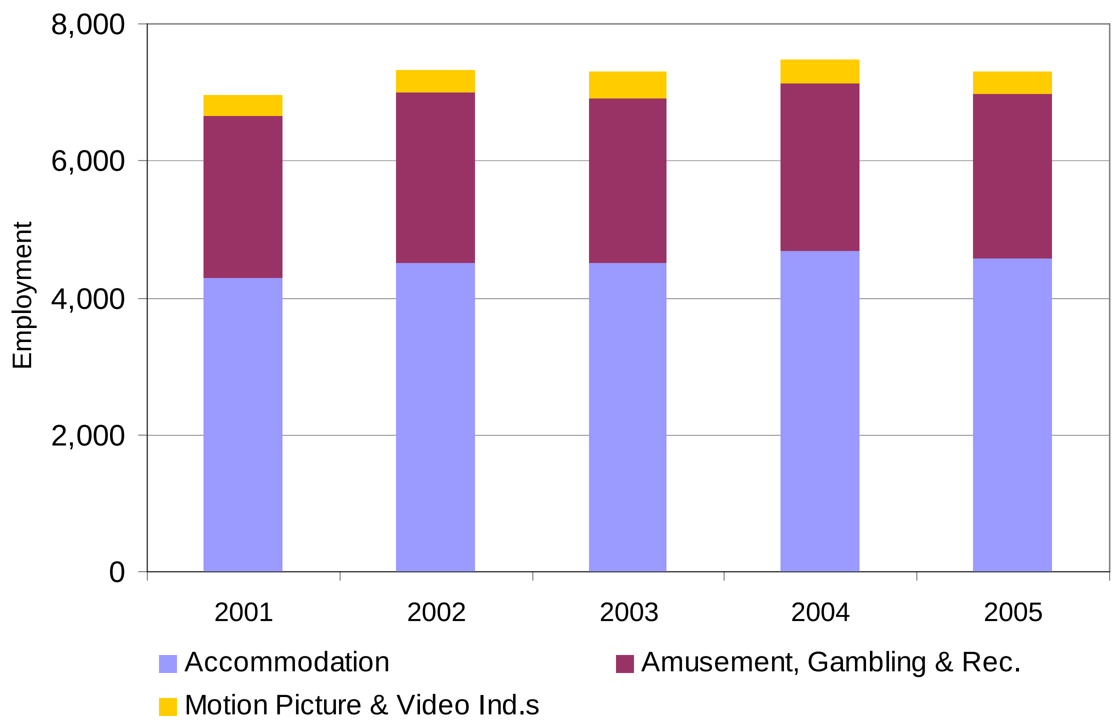


Figure 30 provides a summary of economic facts for the Tourism & Entertainment sector.

Figure 30 Tourism & Entertainment

NAICS	Sub-sector/Industry	2005 Empl*	Growth 01- 05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 empl***	Firms with < 50 empl***
5121	Motion Picture & Video Industries	330	8.8%	0.2	$ 11,614	100.0%	100.0%
5122	Sound Recording Industries	S	-38.7%	0.3	$ 30,460	S	S
713	Amusement, Gambling & Recreation	2,390	0.9%	1.3	$ 13,547	98.2%	92.6%
721	Accommodation	4,580	6.7%	2.0	$ 14,547	100.0%	96.7%

* Employment rounded to nearest 10. "S" means the data was suppressed due to confidentiality.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
*** Some size of firm data was suppressed due to confidentiality. "S" means all such data was suppressed.

RESOURCE BASED

The Resource Based industries include Farm[2], Logging, Mining, Sawmill & Woodworking Machinery Manufacturing, Fruit & Vegetable Preserving & Specialty Food Manufacturing, Animal Slaughtering & Processing and Seafood Preparation & Packaging[3]. Resource Based is the largest component of the region's economic base.

In 2005, this sector provided 8,090 jobs for the region, although the sector reported job losses of 7.5% from 2001 to 2005. (Employment was suppressed for Sawmill & Woodworking Machinery Manufacturing, Fruit & Vegetable Preserving & Specialty Food Manufacturing, and Animal Slaughtering & Processing due to confidentiality.) Only one of the seven of the sub-sectors in the Resource Based sector reported job growth during this period; Fruit & Vegetable Preserving & Specialty Food Manufacturing reported job growth of 1.4% (this is a very small industry). The greatest number of jobs lost was reported by Logging, down almost 450 jobs (down 25.8%). The greatest percentage of jobs lost was reported by Sawmill & Woodworking Machinery Manufacturing, down 93.8%

There is higher concentration of Resource Based jobs in this region (1.5 LQ) than found at the statewide level. Three sub-sectors/industries within Resource Based have higher concentrations than at the statewide level. Logging has an extremely high concentration (48.2 LQ), followed by Seafood Product Preparation & Packaging (13.3 LQ), and Farm (1.4LQ). See **Figure 33** for the concentration levels (LQs) for all sub-sectors.

In 2005, the average annual wage reported for this sector was $36,708, higher than the region's average wage for all private industries of $27,762. This ranged from a high of $46,732 for Mining, to a low of $17,267 for Seafood Product Preparation & Packaging.

[2] Farm equals all Agriculture, Forestry, Fishing & Hunting jobs (NAICS 11) except Logging (NAICS 1133).
[3] There was no employment reported for Sawmill & Woodworking Machinery Manufacturing or for Seafood Preparation & Packaging for the Greater Sacramento Region. These industries are mentioned here so that the economic base definition is consistent across regions.

Figure 31 shows employment and average annual wages for the Resource Based industries.

Figure 31 Resource Based 2005 Employment & Wages

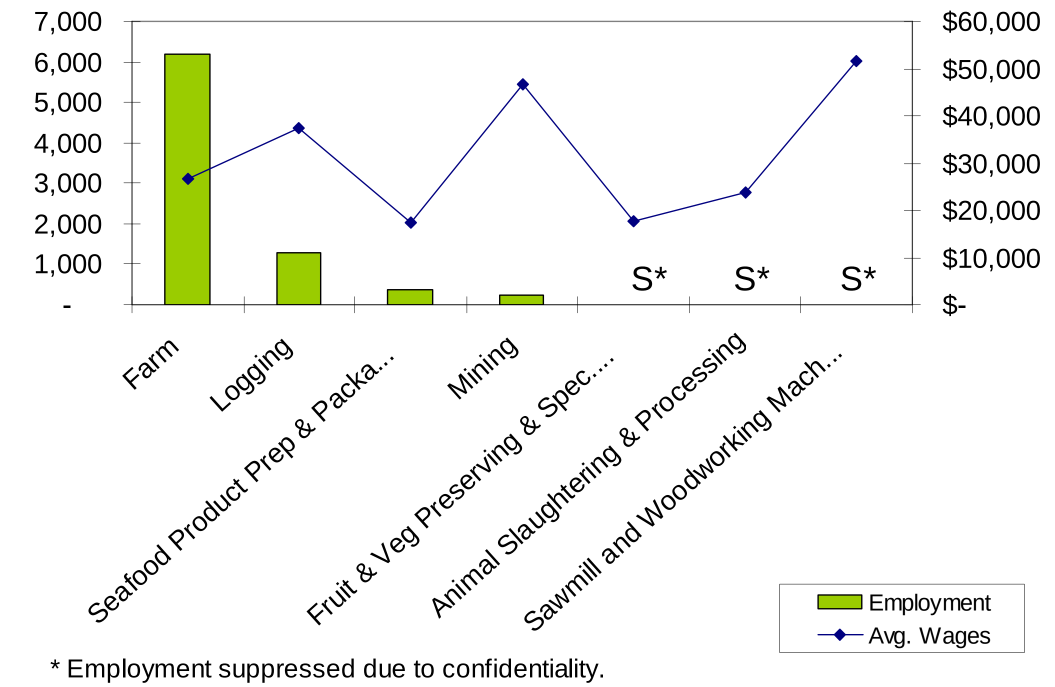


Figure 32 shows employment change from 2001 to 2005 for the Resource Based industries.

Figure 32 Resource Based Industries Employment 2001-2005

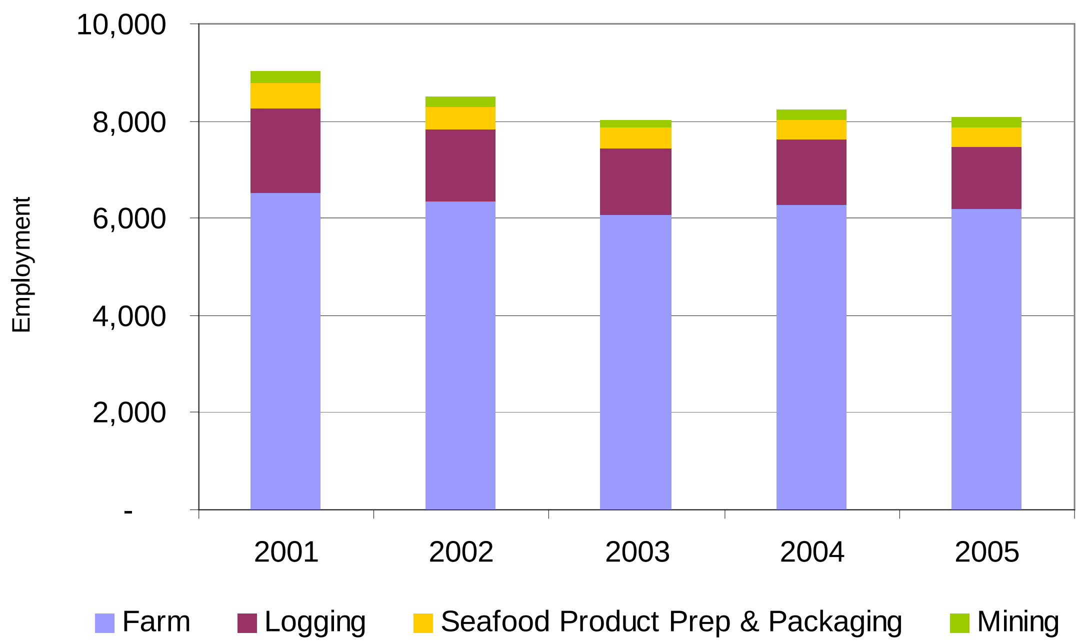


Figure 33 provides a summary of economic facts for the Resource Based industries.

Figure 33 Resource Based

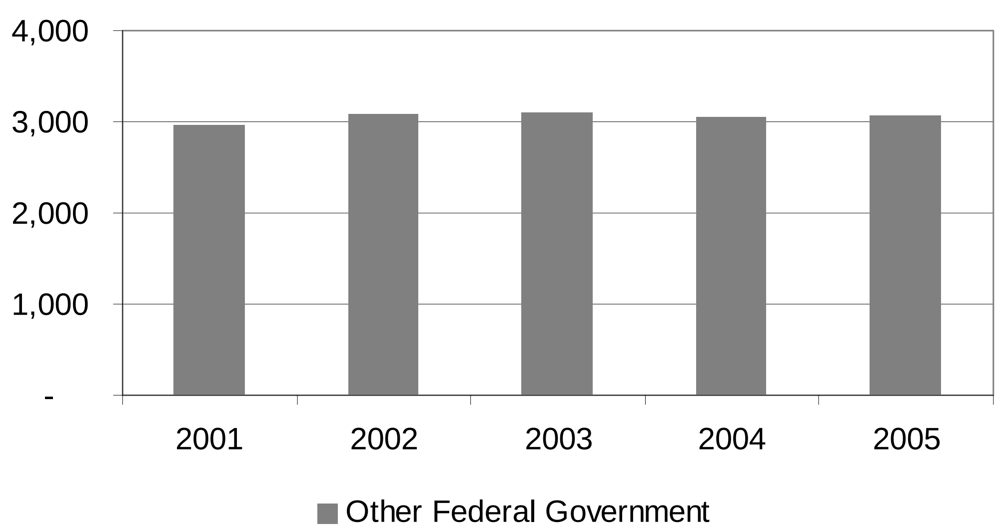
NAICS	Sub-sector/Industry	2005 Emplymt*	Growth 01- 05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 empl***	Firms with < 50 empl***
11-1133	Farm	6,180	-5.1%	1.4	$ 26,586	99.0%	96.9%
1133	Logging	1,290	-25.8%	48.2	$ 37,451	100.0%	97.7%
21	Mining	240	-0.8%	0.9	$ 46,732	100.0%	100.0%
33321	Sawmill & Woodwrkng Machinery Mfg	S	-93.8%	S	S	Not Available	Not Available
3114	Fruit & Vegetable Preserving & Specialty Food Mfg	S	1.4%	S	$ 17,553	100.0%	100.0%
3116	Animal Slaughtering & Processing	S	-28.6%	S	$ 23,811	S	S
3117	Seafood Product Prep. & Pckgng	380	-28.0%	13.3	$ 17,267	S	S

* Employment rounded to nearest 10. "S" means employment was suppressed due to confidentiality.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
*** Some size of firm data was suppressed due to confidentiality. "S" means all such data was suppressed.

FEDERAL GOVERNMENT, DEFENSE AND OTHER FEDERAL GOVERNMENT

The Federal Government sector in the economic base includes Defense and Other Federal Government. There is no data available for Defense jobs. In 2005, Other Federal Government provided 3,070 of the region's jobs. This sector experienced growth of 100 jobs from 2001 to 2005, up 3.4%.

Figure 34 Defense and Other Federal Government Employment 2001 to 2005



The region has a higher concentration (1.4 LQ) of Other Federal Government jobs than found at the statewide level.

In 2005, the regional average annual wage for all federal jobs was $48,971. A separate average for Defense or Other Federal Government was not available, so we are presenting the average for all federal jobs.

Figure 35 provides a summary of economic facts for Federal Government, Defense and Other Federal Government.

Figure 35 Federal Government, Defense and Other Federal Government

Sub-sector	**2005 Employmt***	**Growth 01- 05**	**2005 LQ****	**2005 Avg. Annual Wages*****
Defense	N/A	N/A	N/A	N/A
Other Federal Government	3,070	3.4%	1.4	$ 48,971

* Employment rounded to nearest 10.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
*** A separate average for Defense or Other Federal Government was not available, so we are presenting the average for all federal jobs.

BEYOND THE ECONOMIC BASE: A LOOK AT INDUSTRY CLUSTERS AND OTHER INDUSTRIES IMPORTANT TO THE REGION'S ECONOMY

This section looks at industry clusters and sectors that are important to the region's economy, but are not considered a part of the economic base. Their inclusion here reflects the broader interpretation of the economic base seen in some of the past economic base reports.[4] For the Northern California Region, this will include the Food Chain cluster, Construction, Manufacturing Value Chain, Health Sciences & Services and All Government.

THE FOOD CHAIN

California is a leader in the global Food Chain. Global market forces are transforming California's Food Chain, as local firms become multinational firms and foreign firms produce locally in order to efficiently tailor products for local markets. As globalization has increased competition, it has also brought new opportunities in the form of new products for the state's consumers and new markets for the state's firms. Technology's role has been central as an enabler and driver in these global processes through advances in production, packaging, shipping and communications.[5] Locally, California companies are adopting innovative new processes in order to meet consumers' changing demands, such as the increasing demand for high quality convenience foods and organic products, while remaining competitive.

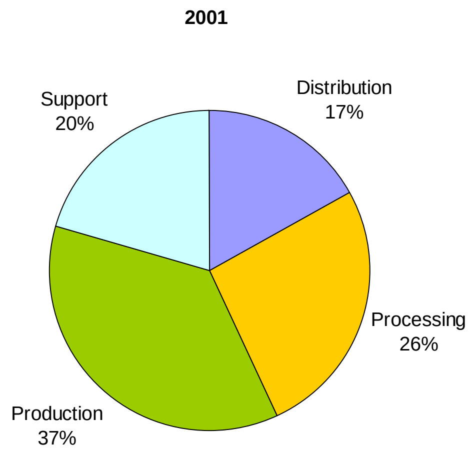
The Food Chain[6] cluster is composed of four components; Production, Support, Processing and Distribution. This cluster provides 5.2% of all jobs in the Northern California Region, or over 8,860 jobs in 2005. From 2001 to 2005, the Food Chain cluster reported job losses of about 940 jobs, a drop of 9.6%. (Some employment was suppressed due to confidentiality.) All four components reported job losses during this period.

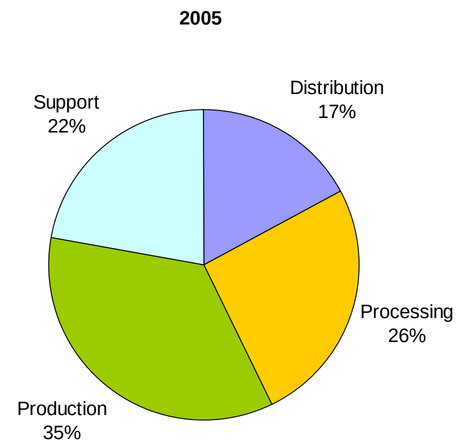
Most of the jobs within this region's Food Chain cluster are in Production industries, providing 35% of the cluster's jobs, followed by Processing (26%). Support provides 22% and Distribution 17% of the cluster's jobs.

The distribution of jobs within the Food Chain cluster changed in all four areas from 2001 to 2005, with the greatest changes in Production and Processing, as seen in **Figure 36**.

[4] The economic base reports released in 2006 used a broader definition of the economic base than the traditional one, as did the reports released in 2004 for the rural regions.
[5] Excerpts from the report, *California's Food Chain at Work*, prepared for the California Economic Strategy Panel by Collaborative Economics, Inc.
[6] This cluster includes some of the industries presented in the Resource Based component of the economic base.

Figure 36 Employment Distribution 2001 & 2005





From 2001-2005, all four cluster components reported job losses. Production reported the greatest number and percentage of jobs lost, down 500 jobs, or 13.7%. Processing lost about 230 jobs, down 9.8%; Distribution lost about 160 jobs (-9.2%); and, Support lost almost 50 jobs (-2.3%).

There is slightly higher concentration of Food Chain jobs in this region (1.1 LQ) than found at the statewide level. This is due to the higher concentration of Production jobs (1.6 LQ); the other three components have lower or equal concentrations compared to the statewide level.

In 2005, the average annual wage reported for this sector was $24,139, lower than the region's average wage for all private industries of $27,762.

Size of Business

From 2001 to 2005, the percentage of Food Chain businesses with fewer than 100 employees changed slightly, from 99.1% in 2001 to 99.7% in 2005. These businesses provided 83.6% of the Food Chain employment in 2001, and 81.3% in 2005. In contrast, only 0.3% of the businesses in the Food Chain employ 100 or more workers, and these businesses provide 18.7% of the Food Chain jobs.

Figure 37 Distribution of Firms and Jobs in the Food Chain by Size of Business in 2005

Size Category (# employees)	% of Firms	% of Employment
0-4	70.4%	12.0%
5-9	12.5%	10.1%
10-19	8.9%	16.0%
20-49	6.6%	27.9%
50-99	1.3%	15.3%
100-249	0.3%	11.7%
250-499	0.0%	7.0%
500+	0.0%	0.0%

Businesses with fewer than 50 employees provided 66% of all Food Chain jobs in 2005; in comparison, businesses with fewer than 50 employees provided 68.5% of all of the region's private industry jobs. Looking at the smallest firms, those with fewer than 10 employees provided 22.1% of all Food Chain jobs, compared to 27.8% of all private industry jobs.

The percentage of Food Chain firms with fewer than 100 employees and fewer than 50 employees, by cluster component, is included in **Figure 38**.

Figure 38 provides a summary of facts for the Food Chain cluster components.

Figure 38 Food Chain

Component	2005 Empl*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 empl***	Firms with < 50 empl***
Production	3,150	-13.7%	1.6	$ 19,202	99.5%	98.4%
Support	2,010	-2.3%	0.7	$ 24,846	100.0%	93.2%
Processing	2,150	-9.8%	1.0	$ 28,467	100.0%	100.0%
Distribution	1,550	-9.2%	1.0	$ 26,733	100.0%	100.0%
Food Chain Totals	8,860	-9.6%	1.1	$ 24,139	**99.7%**	**98.4%**

* Employment rounded to nearest 10. Total employment does not equal sum of components due to suppression of employment data for some industries, which also affects the component totals.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
*** Some size-of-firm data was suppressed due to confidentiality.

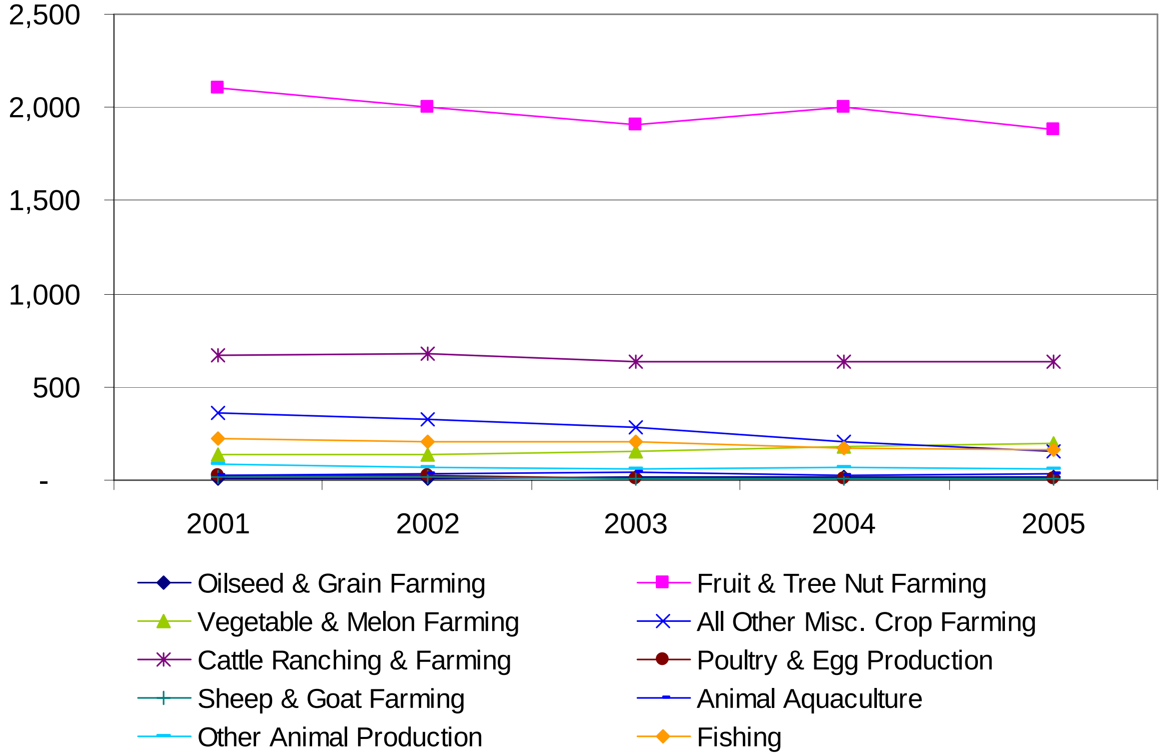
Production

Production is the largest of the four Food Chain components, with just over 3,150 jobs in 2005. Within Production, the largest industry is Fruit & Tree Nut Farming with 1,880 jobs in 2005, followed by Cattle Ranching & Farming with over 630 jobs. Although Production as a whole reported job losses from 2001 to 2005 of 500 jobs (down 13.7%), some industries within Production reported job gains. These gains were led by Vegetable & Melon Farming, up almost 70 jobs (+42%). The job losses in Production were led by Fruit & Tree Nut Farming, down over 220 jobs.

Figure 39 graphs the employment change for the Production industries from 2001 to 2005. Employment for Food Crops Grown Under Cover, Sugar Beet Farming and Hog & Pig Farming was suppressed due to confidentiality.

More information on each industry's size and growth are provided in **Figure 40**.

Figure 39 Production Industries Employment Growth 2001-2005



The Northern California Region has a higher concentration of Production jobs (1.6 LQ) than found at the statewide level. Within Production, the industries with the highest concentrations include Fishing (24,1 LQ), Animal Aquaculture (5.4 LQ), Other Animal Production (2.8 LQ), Cattle Ranching & Farming (2.4 LQ), and Fruit & Tree Nut Farming (1.9 LQ). The concentration for each Production industry is provided in **Figure 40**.

Overall, Production reported an average annual wage of $19,202 in 2005, which is lower than the region's average annual wage for all private industries of $27,762. Within Production, Fishing reported the highest average wage, at $50,930, followed by Sheep & Goat Farming at $26,951, while Vegetable & Melon Farming reported the lowest, at $12,280.

Figure 40 provides a summary of economic facts for the Food Chain Production industries. (Size-of-business data were not available for industries defined at the five or six-digit NAICS code level. Some size of firm data was suppressed due to confidentiality. This may cause some industries to report 100% of firms with less than 50 or 100 employees when this is not actually the case.)

Figure 40 Food Chain – Production

NAICS	Production	2005 Employmt*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 empl****	Firms with < 50 empl****
1111	Oilseed & Grain Farming	10	133.3%	0.5	$ 18,452	100.0%	100.0%
1113	Fruit & Tree Nut Farming	1,880	-10.7%	1.9	$ 16,843	98.8%	95.9%
11141	Food Crops Grown Under Cover	S	S	S	S	Not Available	Not Available
11193	Sugarcane Farming	0	N/A	N/A	N/A	Not Available	Not Available
111991	Sugar Beet Farming	0	N/A	N/A	N/A	Not Available	Not Available
111992	Peanut Farming	0	N/A	N/A	N/A	Not Available	Not Available
1112	Vegetable & Melon Farming	200	42.0%	0.5	$ 12,280	100.0%	100.0%
111998	All Other Misc. Crop Farming	150	-57.4%	1.0	$ 18,769	Not Available	Not Available
1121	Cattle Ranching & Farming	630	-5.7%	2.4	$ 20,112	100.0%	100.0%
1122	Hog & Pig Farming	S	S	S	S	S	S
1123	Poultry & Egg Production	< 10	-65.2%	0.2	$ 14,164	100.0%	100.0%
1124	Sheep & Goat Farming	< 10	-60.0%	1.3	$ 26,951	100.0%	100.0%
1125	Animal Aquaculture	30	21.4%	5.4	$ 16,346	100.0%	100.0%
1129	Other Animal Production	60	-26.4%	2.8	$ 20,811	100.0%	100.0%
1141	Fishing	170	-26.2%	24.1	$ 50,930	100.0%	100.0%
1142	Hunting & Trapping	0	N/A	N/A	N/A	N/A	N/A
	Production Totals, Non-suppressed* **	**3,150**	**-13.7%**	**1.6**	**$ 19,202**	**99.5%**	**98.4%**

* Employment rounded to nearest 100. Numbers may not add due to rounding. "S" means employment was suppressed due to confidentiality.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
*** Calculations made using this total may not match those in this report, as the report's findings are based on all data, including confidential data.
**** Some size of firm data was suppressed due to confidentiality. This may cause some industries to report 100% of firms with less than 50 or 100 employees when this is not actually the case.

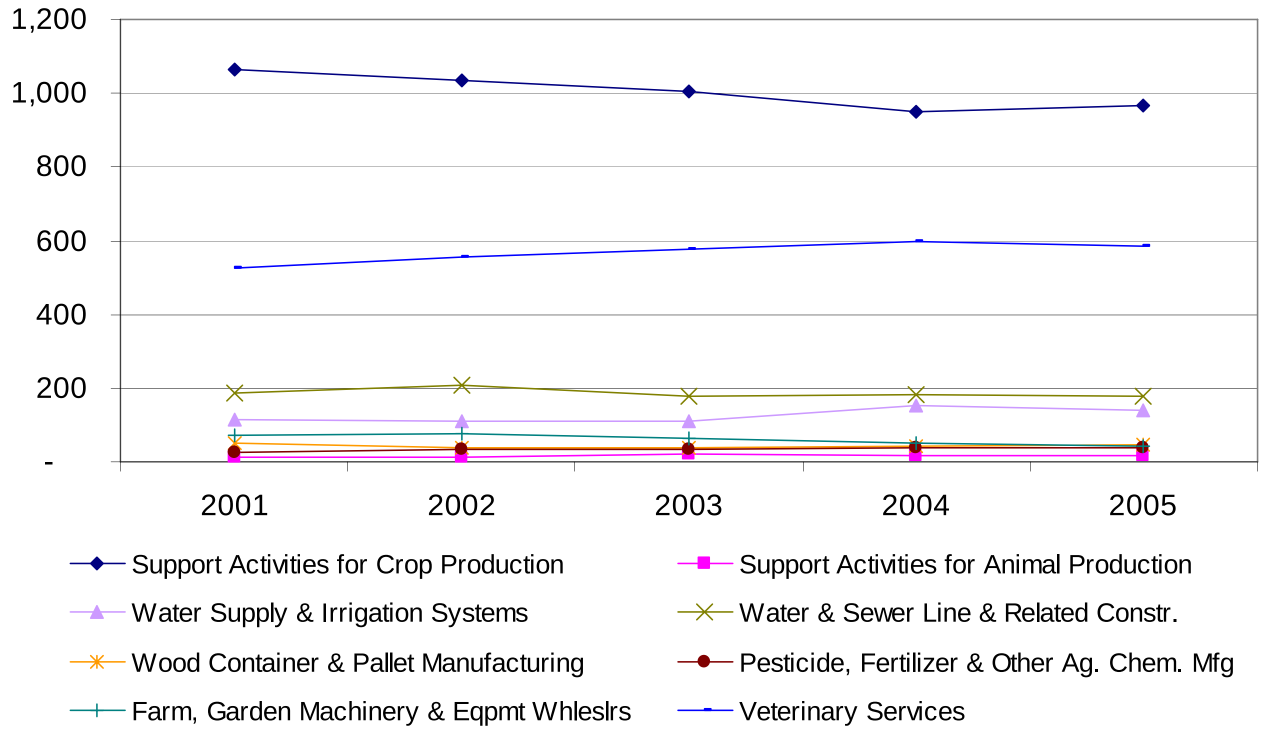
Support

Support is the second largest component of the region's Food Chain cluster, with 2,010 jobs in 2005. Support reported the loss of almost 50 jobs, or 2.3%, from 2001 to 2005. Within Support, the largest industry is Support Activities for Crop Production, with almost 970 jobs; this industry reported the loss of about 100 jobs, down 9.3%, from 2001 to 2005. Second in size, Veterinary Services reported almost 590 jobs in 2005, representing growth of 60 jobs since 2001, for an increase of 11.2%. A small industry, Pesticide, Fertilizer & Other Agricultural Chemical Manufacturing reported the fastest growth (up 62.5%) within the Support industries for the period.

The greatest percentage of jobs lost during this period was reported by Farm & Garden Machinery & Equipment Merchant Wholesalers, with a loss of 43.2%; this is a very small industry. The largest number of jobs lost during this period was reported by Support Activities for Crop Production, down about 100 jobs.

Figure 41 graphs the employment change for the Support industries from 2001 to 2005.

Figure 41 Support Industries Employment Growth 2001-2005



The Northern California Region has a lower concentration of Support jobs (0.7 LQ), compared to the statewide level; however, three sub-sectors/industry groups have higher concentrations. This includes Water Supply & Irrigation Systems (2.8 LQ), Veterinary Services (1.8 LQ), and Pesticide, Fertilizer & Other Agricultural Chemical Manufacturing (1.1 LQ).

Overall, Support reported an average annual wage of $24,846 in 2005, which is lower than the region's average annual wage for all private industries of $27,762, but up over 23% from 2001. The highest paying industry within Support is Water & Sewer Line & Related Structures Construction, with an average annual wage of $35,300. The industry with the lowest average annual wage is Support Activities for Animal Production, at $17,521.

Figure 42 provides a summary of economic facts for the Food Chain Support industries. (Size-of-business data were not available for industries defined at the five or six-digit NAICS code level.)

Figure 42 Food Chain - Support

NAICS	Support	2005 Empl*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 empl***	Firms with < 50 empl***
1151	Support Activities for Crop Production	970	-9.3%	0.5	$ 23,291	100.0%	92.0%
1152	Support Activities for Animal Production	20	23.1%	0.5	$ 17,521	100.0%	100.0%
22131	Water Supply & Irrigation Systems	140	19.8%	2.8	$ 30,273	Not Available	Not Available
23711	Water & Sewer Line & Rel. Construction	180	-5.9%	0.8	$ 35,300	Not Available	Not Available
32192	Wood Container & Pallet Mfg	50	-10.0%	0.8	$ 25,443	Not Available	Not Available
3253	Pesticide, Fertilizer & Other Ag.Chem. Mfg	40	62.5%	1.1	$ 27,002	S	S
33311	Agricultural Implement Mfg	S	S	S	$ 29,711	Not Available	Not Available
333294	Food Product Machinery Mfg	0	N/A	N/A	N/A	Not Available	Not Available
42382	Farm, Garden Machinery & Equip. Whlslrs	40	-43.2%	0.6	$ 30,887	Not Available	Not Available
54194	Veterinary Services	590	11.2%	1.8	$ 22,409	Not Available	Not Available
	Support Totals	**2,010**	**-2.3%**	**0.7**	**$ 24,846**	**100.0%**	**93.2%**

* Employment rounded to nearest 100. Numbers may not add due to rounding. "S" means employment was suppressed due to confidentiality.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
*** Some size of firm data was suppressed due to confidentiality. This may cause some industries to report 100% of firms with less than 50 or 100 employees when this is not actually the case.

Processing

The Processing component of the Food Chain cluster is one of the two smallest Food Chain components, with almost 2,340 jobs in 2005 (some employment data was suppressed due to confidentiality). Processing experienced job losses of 9.8% from 2001 to 2005.

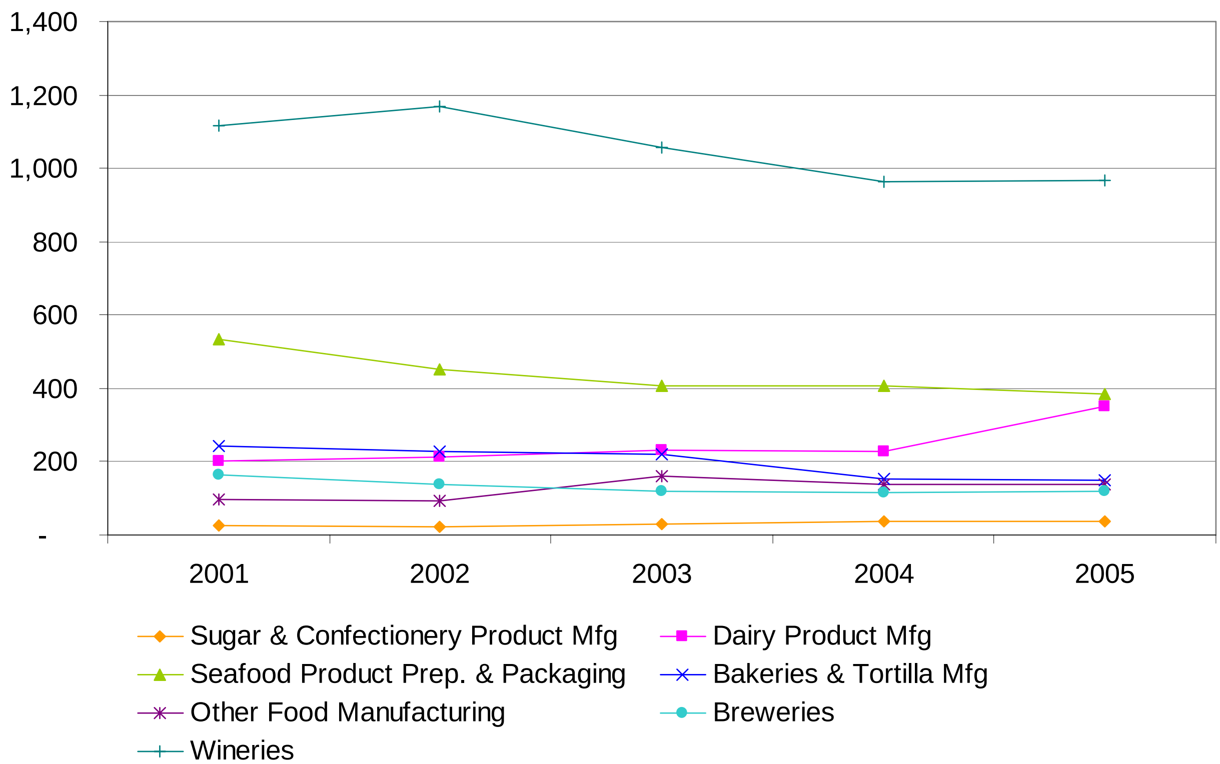
Within Processing, the largest industry is Wineries, with almost 970 jobs in 2005. Second, Seafood Product Preparation & Packaging reported over 380 jobs.

The largest number of jobs gained in Processing, for the period 2001to 2005, was reported by Dairy Product Manufacturing, up 150 jobs. The largest percentage of jobs gained was reported by Glass Container Manufacturing, up100% (actual employment numbers are suppressed for this industry due to confidentiality).

The job losses in Processing from 2001 to 2005 were led by Seafood Product Preparation & Packaging and Wineries, each down about 150 jobs.

Figure 43 graphs the employment change for the Processing industries from 2001 to 2005. More information on each industry's size and growth are provided in **Figure44**.

Figure 43 Processing Industries Employment Growth 2001-2005



The Northern California Region has an equal concentration of Processing jobs (1.0 LQ) to that found at the statewide level. Within Processing, the region has a higher concentration in Seafood Product Preparation & Packaging (13.3 LQ), Wineries (3.4 LQ), Breweries (3.2 LQ) and Dairy Product Manufacturing (1.8 LQ). The concentration for each Production industry is provided in **Figure 44**.

Overall, Processing reported an average annual wage of $28,467 in 2005, which is slightly higher than the region's average annual wage for all private industries of $27,762. Within Processing, Soft Drink & Ice Manufacturing reported the highest average wage, at $39,811, while Animal Food Manufacturing reported the lowest, at $11,142, well below the regional average.

Figure 44 provides a summary of economic facts for the Food Chain Processing industries. (Size-of-business data were not available for industries defined at the five or six-digit NAICS code level.)

Figure 44 Food Chain - Processing

NAICS	Processing	2005 Emplymt*	2001-2005 Growth	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 empl****	Firms with < 50 empl****
3111	Animal Food Manufacturing	S	-75.0%	S	$ 11,142	S	S
3112	Grain & Oilseed Milling	0	-100.0%	N/A	N/A	N/A	N/A
3113	Sugar & Confectionery Product Mfg	40	52.0%	0.4	$ 11,562	100.0%	100.0%
3114	Fruit & Veg. Presrv & Spec. Food Mfg	S	1.4%	S	$ 17,553	100.0%	100.0%
3115	Dairy Product Manufacturing	350	75.0%	1.8	$ 39,163	100.0%	100.0%
3116	Animal Slaughtering & Processing	S	-28.6%	S	$ 23,811	S	S
3117	Seafood Product Prep & Packaging	380	-28.0%	13.3	$ 17,267	S	S
3118	Bakeries & Tortilla Mfg	150	-38.7%	0.3	$ 15,079	100.0%	100.0%
3119	Other Food Manufacturing	140	43.3%	0.6	$ 16,610	100.0%	100.0%
322215	Nonfolding Sanitary Food Contnr Mfg	0	N/A	N/A	N/A	Not Available	Not Available
32616	Plastics Bottle Manufacturing	0	N/A	N/A	N/A	Not Available	Not Available
327213	Glass Container Manufacturing	S	100.0%	S	$ 26,020	Not Available	Not Available
332115	Crown and Closure Manufacturing	0	N/A	N/A	N/A	Not Available	Not Available
332431	Metal Can Manufacturing	0	N/A	N/A	N/A	Not Available	Not Available
31211	Soft Drink & Ice Manufacturing	S	-25.6%	S	$ 39,811	Not Available	Not Available
31212	Breweries	120	-28.0%	3.2	$ 27,594	Not Available	Not Available
31213	Wineries	970	-13.3%	3.4	$ 33,563	Not Available	Not Available
31214	Distilleries	-	N/A	N/A	N/A	Not Available	Not Available
	Processing Totals, Non-suppressed* **	**2,150**	**-9.8%**	**1.0**	**$ 28,467**	**100.0%**	**100.0%**

* Employment rounded to nearest 100; when very small, rounded to nearest 10. Numbers may not add due to rounding. "S" means employment was suppressed due to confidentiality.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
*** Calculations made using this total may not match those in this report, as the report's findings are based on all data, including confidential data.
**** Some size of firm data was suppressed due to confidentiality. This may cause some industries to report 100% of firms with less than 50 or 100 employees than is actually the case.

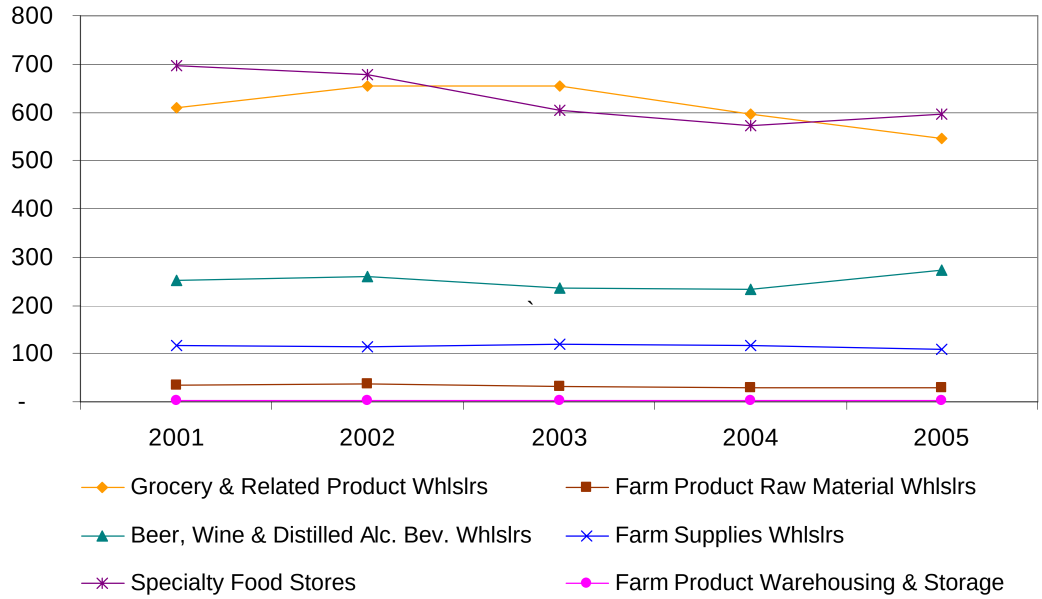
Distribution

Distribution is the smallest component of the region's Food Chain cluster, with over 1,550 jobs in 2005. From 2001 to 2005, Distribution experienced job losses of about 160 jobs, down 9.2%. The largest industry within Distribution is Specialty Food Stores, with almost 600 jobs in 2005, followed by Grocery & Related Product Wholesalers with almost 550 jobs. Five of the six industries within Distribution report job losses from 2001 to 2005; the sixth, Farm Product Warehousing & Storage, reported no employment change.

The greatest number of jobs lost was reported by Specialty Food Stores, down 100 jobs. The industry reported the greatest percentage of job losses was Farm Product Raw Material Merchant Wholesalers, down 17.6%.

Figure 45 graphs the employment change for the Distribution industries from 2001 to 2005. More information on each industry's size and growth are provided in **Figure 46**.

Figure 45 Distribution Industries Employment 2001-2005



The Northern California Region has an equal concentration of Distribution jobs (1.0 LQ) as that found at the statewide level. Within Distribution, only four of the six industries have higher concentrations. These include Beer, Wine & Distilled Alcoholic Beverage Merchant Wholesalers (1.8 LQ), Farm Product Raw Material Merchant Wholesalers (1.5 LQ), Specialty Food Stores (1.4 LQ), and Farm Supplies Merchant Wholesalers (1.4 LQ). The concentration for each Distribution industry is provided in **Figure 46**.

Overall, Distribution reported an average annual wage of $26,733 in 2005, which is slightly lower than the region's average annual wage for all private industries of $27,762. Within Distribution, Beer, Wine & Distilled Alcoholic Beverage Merchant Wholesalers reported the highest average wage, at $42,345, while Specialty Food Stores reported the lowest, at $17,503.

Figure 46 provides a summary of economic facts for the Food Chain Distribution industries. (Size-of-business data were not available for industries defined at the five or six-digit NAICS code level. Some size-of-business data was suppressed.)

Figure 46 Food Chain - Distribution

NAICS	Distribution	2005 Emplymt*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 employees	Firms with < 100 employees
4244	Grocery & Related Product Wholesalers	550	-10.5%	0.6	$ 30,021	100.0%	100.0%
4245	Farm Product Raw Material Whlslrs	30	-17.6%	1.5	$ 27,069	100.0%	100.0%
4248	Beer, Wine,Distilled Alcoholic Bevg. Whlslrs	270	8.3%	1.8	$ 42,345	100.0%	100.0%
42491	Farm Supplies Merchant Wholesalers	110	-7.7%	1.4	$ 22,207	Not Available	Not Available
4452	Specialty Food Stores	600	-14.4%	1.4	$ 17,503	100.0%	100.0%
49313	Farm Product Warehousing & Storage	< 10	0.0%	0.6	Not Available	Not Available	Not Available
	Distribution Totals	**1,550**	**-9.2%**	**1.0**	**$ 26,733**	**100.0%**	**100.0%**

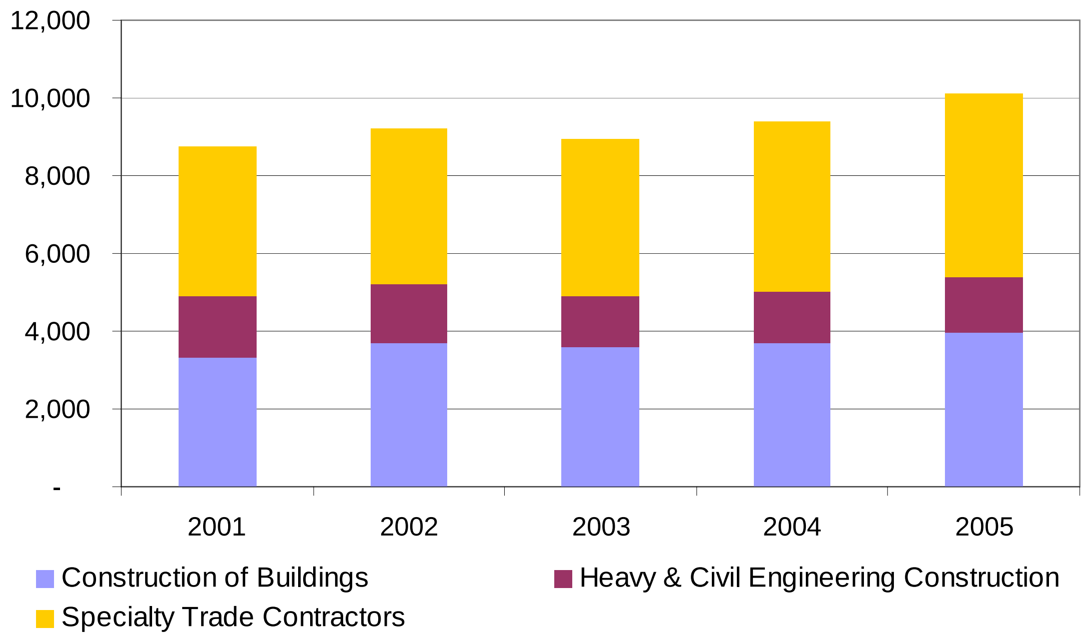
* Employment rounded to nearest 100. Numbers may not add due to rounding.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
**** Some size of firm data was suppressed due to confidentiality. This may cause some industries to report 100% of firms with less than 50 or 100 employees than is actually the case.

CONSTRUCTION

The Construction industry provides almost 6% of the jobs for the Northern California Region, with over 10,100 jobs in 2005. From 2001 to 2005, employment increased by 15.6%, up almost 1,400 jobs.

Two of the three sub-sectors reported growth during this period. Specialty Trade Contractors reported the most growth in number and percentage of jobs, up almost 900 jobs, or 22.7%, and Construction of Buildings reported job growth of 19% (over 600 jobs). Only Heavy & Civil Engineering Construction reported job losses, down over 100 jobs, or 9.2%.

Figure 47 Construction Sub-sector Employment 2001-2005



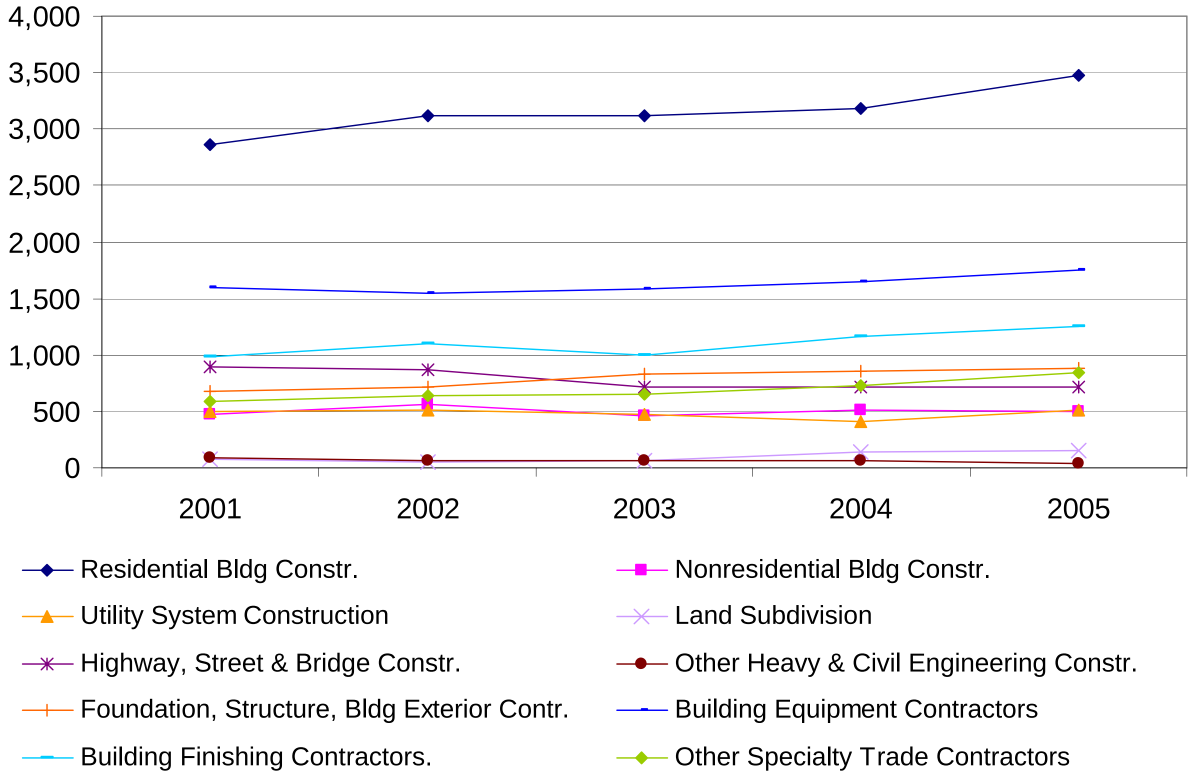
Within Construction of Buildings, the largest industry group is Residential Building Construction. Residential Building Construction reported job growth of 21.4% (up almost 600 jobs) from 2001-2005, and Nonresidential Building Construction reported job growth of 4.4% (up about 20 jobs). Looking closer, the growth (in number of jobs added) in Residential Building Construction was led by New Single-Family Housing Construction.

Within Heavy & Civil Engineering Construction, the largest industry group is Highway, Street & Bridge Construction (over 700 jobs in 2005), followed by Utility System Construction (over 500 jobs). Land Subdivision added the greatest number and percentage of jobs from 2001 to 2005, up over 80 jobs, or 112.2%. Highway, Street & Bridge Construction reported the greatest job losses, down almost 180 jobs during this period, or 20.1%.

Within Specialty Trade Contractors, the largest industry group is Building Equipment Contractors, with over 1,750 jobs in 2005. All four industries within the Specialty Trade Contractors sub-sector reported job growth from 2001 to 2005. Building Finishing Contractors added the most jobs, up over 260 jobs, and Other Specialty Trade Contractors reported the fastest growth (greatest percentage of jobs gained), up 43%.

Figure 48 shows employment growth for the Construction industries from 2001 to 2005.

Figure 48 Construction Industries Employment 2001-2005



The Northern California Region has an equal concentration of Construction jobs (1.0 LQ) as that found statewide. Within Construction, the sub-sector with the highest concentration was Construction of Buildings, at 1.6 LQ. Looking more closely at the industry level (five-digit NAICS code level), and across all sub-sectors, the industry with the highest concentration was Highway, Street & Bridge Construction (2.2 LQ), followed by Residential Building Construction (2.1 LQ), Site Preparation Contractors (1.9 LQ), Power & Communication Line & Related Structures Construction (1.9 LQ), and Oil & Gas Pipeline & Related Structures Construction (1.7 LQ). The concentration for each Construction industry is provided in **Figure 49**.

Overall, Construction reported an average annual wage of $35,410 in 2005, which is higher than the region's average annual wage for all private industries of $27,762. Within Construction, at the industry level (five-digit NAICS code level) the Land Subdivision industry reported the highest average wage, at $62,985, while the Tile & Terrazzo Contractors industry reported the lowest, at $21,810.

Size of Business

From 2001 to 2005, the percentage of Construction industry businesses with fewer than 100 employees remained constant at 99.8%. These businesses provided 93.1% of Construction employment in 2001, and 95% in 2005. In contrast, only 0.2% of the businesses in Construction employ 100 or more workers, and these businesses provide 5% of Construction jobs.

Figure 49 Distribution of Firms and Jobs in Construction by Size of Business in 2005

Size Category (# employees)	% of Firms	% of Employment
0-4	67.0%	21.0%
5-9	19.3%	23.4%
10-19	9.1%	22.9%
20-49	3.8%	20.7%
50-99	0.6%	7.0%
100-249	0.2%	5.0%
250-499	0.0%	0.0%
500+	0.0%	0.0%

Businesses with fewer than 50 employees provided 88% of all Construction jobs in 2005; in comparison, businesses with fewer than 50 employees provided 68.5% of all of the region's private industry jobs. Looking at the smallest firms, those with fewer than 10 employees provided 44.4% of all Construction jobs, compared to 27.8% of all private industry jobs. The percentage of Construction firms with fewer than 100 employees and fewer than 50 employees, by industry, is included in **Figure50.**

Figure 50 provides a summary of economic facts for the Construction industries.

Figure 50 Construction

NAICS	Industry	2005 Emplymt*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 empl***	Firms with < 50 empl***
2361	Residential Bldg Constr.	3,480	21.4%	2.1	$ 32,784	100.0%	99.7%
2362	Nonresidential Bldg Constr.	490	4.4%	0.6	$ 39,140	100.0%	100.0%
2371	Utility System Constr.	510	1.6%	1.3	$ 42,261	100.0%	100.0%
2372	Land Subdivision	160	112.2%	0.8	$ 62,985	100.0%	100.0%
2373	Highway, Street & Bridge Constr.	710	-20.1%	2.2	$ 48,439	100.0%	95.7%
2379	Other Heavy & Civil Engineering Constr.	40	-60.9%	0.3	$ 33,197	100.0%	100.0%
2381	Found., Struct., Bldg Exter. Contractors	880	29.7%	0.5	$ 30,314	100.0%	100.0%
2382	Bldg Equipmt Contractors	1,750	10.0%	0.8	$ 37,892	100.0%	100.0%
2383	Bldg Finishing Contractors	1,250	26.7%	0.6	$ 28,309	100.0%	100.0%
2389	Other Specialty Trade Contractors	840	43.0%	1.1	$ 34,481	100.0%	100.0%

* Employment rounded to nearest 10.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
*** Some size-of-firm data may have been suppressed due to confidentiality, thus affecting the percentages reported.

MANUFACTURING VALUE CHAIN

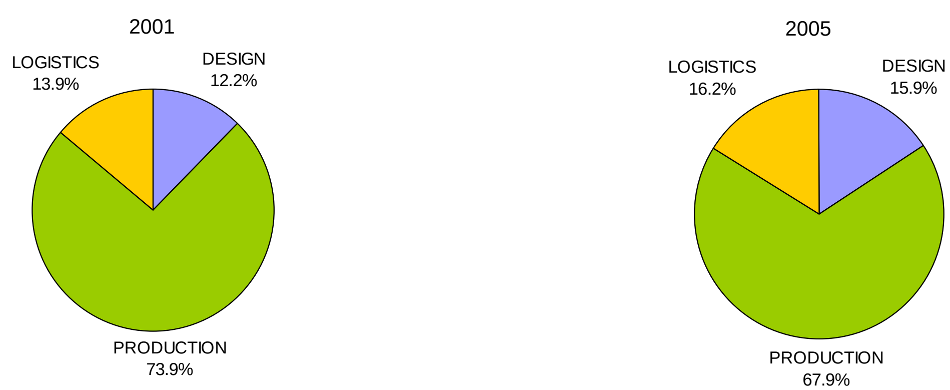
California's manufacturing industry has undergone a transformation. While traditional manufacturing (production) jobs have declined since the 1990's, job growth has occurred in the design and logistics (warehousing and delivery) phases of manufacturing. Improvements in production technology have increased production, as measured in gross domestic product, but have reduced the number of production jobs. At the same time, the "just in time" approach to supply and delivery is lowering warehousing costs and has increased the number and types of jobs in logistics.

The California Regional Economies Project calls this industry cluster the Manufacturing Value Chain. Manufacturing industries are important for innovation, high wages and exports. The design and logistics components of manufacturing are providing more middle and higher-level jobs that pay well and offer career development opportunities. By definition, the Manufacturing Value Chain includes some of the manufacturing industries discussed in the economic base analysis, under High Tech Manufacturing and Diversified Manufacturing, presented earlier in this report. This section of the report takes a look at a broader range of manufacturing activities in the region.

The Manufacturing Value Chain provides 8.8% of the Northern California Region's jobs, with almost 14,500 jobs in 2005. From 2001 to 2005, this cluster experienced job losses of 14%. Design reported growth, while Production and Logistics reported job losses during this period.

Within the Manufacturing Value Chain cluster, the percentage of jobs made up by each component has changed over time. In 2001, Design represented 12.2% of the jobs within the cluster; this grew to 15.9% by 2005. At the same time, Production went from 73.9% in 2001 down to 67.9% in 2005. Logistics' share of the jobs in the cluster also changed, from 13.9% in 2001 to 16.2% in 2005. **Figure 51** illustrates these changes.

Figure 51 Distribution of Jobs within the Manufacturing Value Chain



Overall, the Northern California Region's concentration of Manufacturing Value Chain cluster jobs is lower (0.6 LQ) than that found statewide; however, the region has a higher concentration in a number of industries within the cluster, representing a competitive advantage in these areas. The highest of these include Sawmills & Wood Preservation (34.8 LQ), Seafood Product Preparation & Packaging (13.3 LQ), Veneer, Plywood & Engineered Wood Product Manufacturing (7.9 LQ), Pulp, Paper & Paperboard Mills (4.7 LQ), and Postal

Service (private industry) (3.2 LQ). **Figures 55, 57 and 59** provide further data on concentrations of jobs by industry in each component of the value chain.

The Manufacturing Value Chain cluster's average annual wage for the region in 2005 was $38,113, higher than the region's average for all private industry jobs, at $27,762. Within the cluster, the component with the highest average annual wage is Production, with an average of $39,566 in 2005. The average annual wage for Design was $35,608 in 2005, and the average for Logistics was $34,492 in 2005.

Size of Business

From 2001 to 2005, the percentage of Manufacturing Value Chain businesses with fewer than 100 employees increased somewhat from 97.5% in 2001 to 98.9% in 2005. These businesses provided 63.6% of Manufacturing Value Chain employment in 2001, and 70.6% in 2005. In contrast, only 1.1% of the businesses in Manufacturing Value Chain employ 100 or more workers, and these businesses provide 29.4% of Manufacturing Value Chain jobs.

Figure 52 Distribution of Firms and Jobs in Manufacturing Value Chain by Size of Business in 2005

Size Category (# employees)	% of Firms	% of Employment
0-4	60.2%	7.6%
5-9	18.4%	10.2%
10-19	11.4%	13.2%
20-49	7.0%	20.7%
50-99	1.9%	18.9%
100-249	1.1%	20.6%
250-499	0.0%	8.8%
500+	0.0%	0.0%

Businesses with fewer than 50 employees provided 51.8% of all Manufacturing Value Chain jobs in 2005; in comparison, businesses with fewer than 50 employees provided 68.5% of all of the region's private industry jobs. Looking at the smallest firms, those with fewer than 10 employees provided 17.8% of all Manufacturing Value Chain jobs, compared to 27.8% of all private industry jobs.

The percentage of Manufacturing Value Chain firms with fewer than 100 employees and fewer than 50 employees, by cluster component, is included in **Figure53**. A good portion of the size-of-firm data was suppressed due to confidentiality, causing a higher (than actual) number of industries to report 100% of their firms as having less than 100 or 50 employees.

Figure 53 provides a summary of facts for the Manufacturing Value Chain cluster components.

Figure 53 Manufacturing Value Chain

Component	2005 Empl*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 employees	Firms with < 50 employees
Design	2,450	12.4%	0.6	$ 30,942	100.0%	99.2%
Production	9,660	-21.1%	0.7	$ 39,566	96.8%	93.8%
Logistics	2,340	0.2%	0.6	$ 34,492	100.0%	97.6%
Manufacturing Chain Totals	**14,450**	**-14.1%**	**0.6**	**$ 38,113**	**98.9%**	**97.0%**

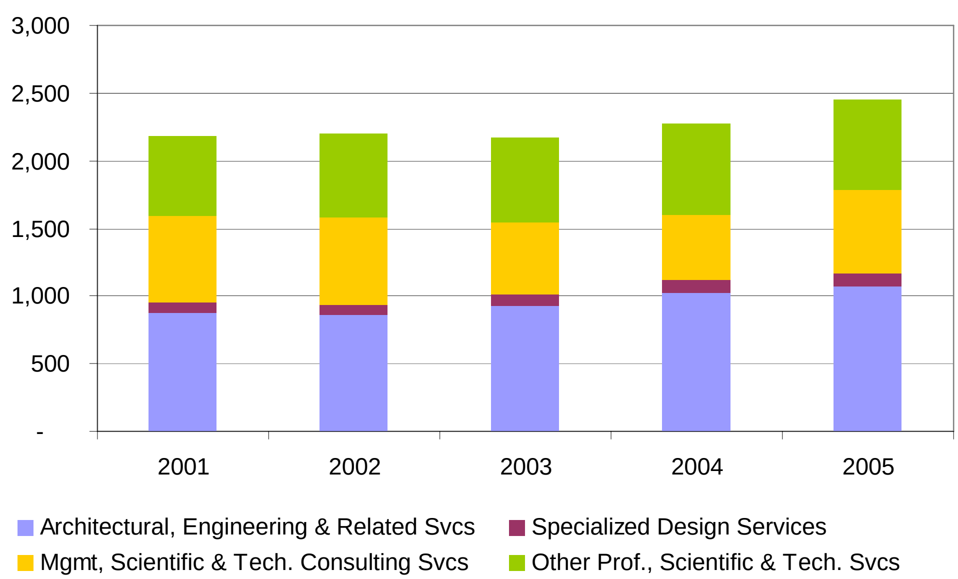
* Employment rounded to nearest 10. Some employment was suppressed due to confidentiality.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.

Design

The Design component of the Manufacturing Value Chain provided 2,450 jobs for the region in 2005, and grew by almost 300 jobs, or 12.4%, from 2001 to 2005.

Within Design, Architectural, Engineering & Related Services is the largest industry group with almost 1,100 jobs in 2005; this industry reported job growth of 190 jobs or 21.8% from 2001 to 2005. Other Professional, Scientific & Technical Services is the second largest industry in Design, with 670 jobs in 2005, followed closely by Management, Scientific & Technical Consulting Services with 620 jobs. Architectural, Engineering & Related Services reported the greatest number of jobs gained during the period, while Specialized Design Services reported the fastest growth (greatest percentage of jobs gained), up 26% from 2001 to 2005.

Figure 54 Design Employment 2001-2005



The Northern California Region has a lower concentration of Design jobs (0.6 LQ) than found at the statewide level; however, Other Professional, Scientific & Technical Services reported a slightly higher concentration than found statewide, at 1.1 LQ. **Figure 55** shows the concentration for each Design industry group.

Overall, the average annual wage for the Design industries was $35,608 in 2005; this was up from $30,942 in 2001, an increase of 15.1%. Within Design, the highest average annual wage was reported by Architectural, Engineering & Related Services, at $43,812 in 2005, and the lowest was reported by Other Professional, Scientific & Technical Services, at $23,170.

Figure 55 provides a summary of economic facts for the Design industries.

Figure 55 Manufacturing Value Chain - Design

NAICS	Industry	2005 Employmt*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 empl***	Firms with < 50 empl***
5413	Architect.,Engineering & Rel.Svcs	1,070	21.8%	0.6	$ 43,812	100.0%	97.8%
5414	Specialized Design Svcs	100	26.0%	0.3	$ 35,041	100.0%	100.0%
5416	Mgmt, Sci. & Tech.Consulting Svcs	620	-3.3%	0.4	$ 34,959	100.0%	100.0%
5419	Other Prof, Scientific & Tech Svcs	670	13.8%	1.1	$ 23,170	100.0%	100.0%
	Design Totals	2,450	12.4%	0.6	$ 35,608	**100.0%**	**99.2%**

* Employment rounded to nearest 100. Numbers may not add due to rounding.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
*** Some size of firm data was suppressed due to confidentiality.

Production

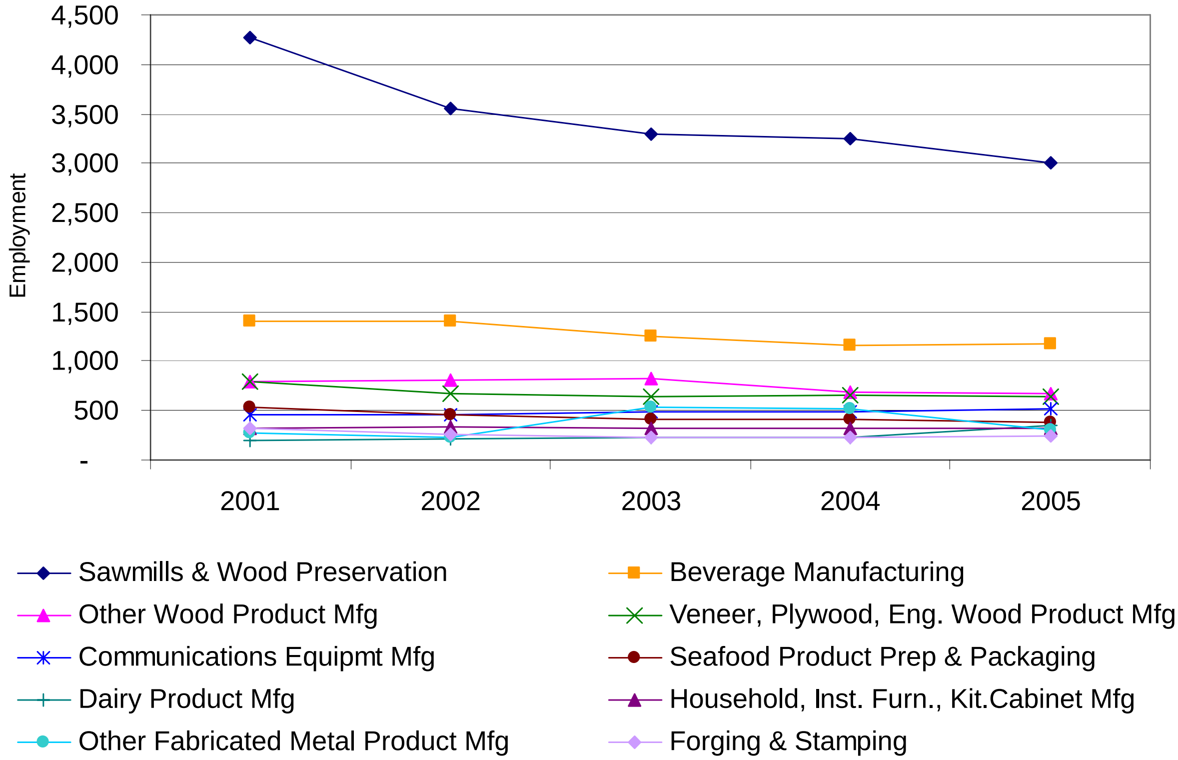
The Production component of the Manufacturing Value Chain provided 9,660 jobs in 2005, or 67.9% of the cluster's jobs in 2005 and 6% of all of the region's jobs. The sector experienced job losses from 2001 to 2005, declining by 21%. (Some employment was suppressed due to confidentiality, which affects the employment totals.)

Within Production, the largest industry is Sawmills & Wood Preservation, with 3,000 jobs in 2005; however, this industry reported the highest number of jobs lost from 2001 to 2005, down 1,200 jobs. The second largest industry is Beverage Manufacturing, with almost 1,200 jobs in 2005, down 29.5%; this industry reported the loss of 220 jobs, down 16%.

Dairy Product Manufacturing added the most jobs from 2001 to 2005, up 150 jobs (75%). The fastest growing industry in Production from 2001 to 2005, of those industries providing at least 0.01% of the region's jobs, was Audio & Video Equipment Manufacturing, with growth of 92.3% (employment is suppressed for this industry, due to confidentiality). The second fastest growing industry (with at least 0.01% of the jobs) was Agriculture, Construction & Mining Machinery Manufacturing, up 87.5% (this industry group is made up of Construction Machinery Manufacturing and Farm Machinery & Equipment Manufacturing); this is a small industry group, with just under 50 jobs reported in 2005.

Figure 56 shows the employment change from 2001 to 2005 for the ten largest industry groups within Production, based on 2005 employment. Employment change for all Production industry groups is presented in **Figure 57**.

Figure 56 Production Top Ten Industries Employment 2001-2005



The Northern California Region has a lower concentration of Production jobs (0.7 LQ) overall than found at the statewide level; however, many industries within Production have higher concentrations, indicating a possible competitive advantage for the region in these areas. The highest of these include Sawmills & Wood Preservation (34.8 LQ); Seafood Product Preparation & Packaging (13.3 LQ); Veneer, Plywood & Engineered Wood Product Manufacturing (7.9 LQ); Pulp, Paper & Paperboard Mills (4.7 LQ); and, Beverage Manufacturing (2.7 LQ).

Overall, the average annual wage for the Production industries was $39,566 in 2005, up from $33,718 in 2001 (up 17.3%), and is higher than the region's average wage for all private industry jobs ($27,762 in 2005). Within Production, the highest average annual wage was reported by Audio & Video Equipment Manufacturing, at $80,155 in 2005. The lowest average wage was reported by Sugar & Confectionery Product Manufacturing, at $11,562, which is significantly lower than the regional average.

Figure 57 provides a summary of economic facts for the Production industries.

Figure 57 Manufacturing Value Chain - Production

NAICS	Industry	2005 Empl*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 empl***	Firms with < 50 empl***
3111	Animal Food Mfg	S	-75.0%	S	S	S	S
3112	Grain & Oilseed Milling	0	-100.0%	N/A	N/A	N/A	N/A
3113	Sugar & Confectionery Product Mfg	40	52.0%	0.4	$ 11,562	100.0%	100.0%
3114	Fruit & Veg Presrv. & Spec.Food Mfg	S	1.4%	S	$ 17,553	100.0%	100.0%
3115	Dairy Product Mfg	350	75.0%	1.8	$ 39,163	100.0%	100.0%
3116	Animal Slaughtering & Processing	S	-28.6%	S	$ 23,811	S	S
3117	Seafood Product Prep & Packaging	380	-28.0%	13.3	$ 17,267	S	S
3118	Bakeries & Tortilla Mfg	150	-38.7%	0.3	$ 15,079	100.0%	100.0%
3119	Other Food Mfg	140	43.3%	0.6	$ 16,610	100.0%	100.0%
3121	Beverage Mfg	1,170	-16.0%	2.7	$ 33,426	100.0%	93.8%
3122	Tobacco Mfg	0	N/A	N/A	N/A	N/A	N/A
3131	Fiber, Yarn & Thread Mills	0	N/A	N/A	N/A	N/A	N/A
3132	Fabric Mills	0	N/A	N/A	N/A	N/A	N/A
3133	Textile, Fabric Finishing & Coating Mills	S	-45.5%	S	$ 29,446	S	S
3141	Textile Furnishings Mills	S	-28.1%	S	$ 26,608	S	S
3149	Other Textile Product Mills	S	-90.0%	S	$ 13,094	S	S
3151	Apparel Knitting Mills	0	N/A	N/A	N/A	N/A	N/A
3152	Cut & Sew Apparel Mfg	120	-9.2%	0.1	$ 27,232	100.0%	100.0%
3159	Apparel Acces. & Other Apparel Mfg	S	75.0%	S	$ 21,744	S	S
3161	Leather & Hide Tanning & Finishing	0	-100.0%	N/A	N/A	N/A	N/A
3162	Footwear Mfg	0	N/A	N/A	N/A	N/A	N/A
3169	Other Leather & Allied Product Mfg	0	-100.0%	N/A	N/A	N/A	N/A
3211	Sawmills & Wood Preservation	3,000	-29.5%	34.8	$ 47,777	72.7%	60.6%
3212	Veneer, Plywood & Eng. Wood Prod. Mfg	650	-18.5%	7.9	$ 36,839	75.0%	75.0%
3219	Other Wood Product Mfg	670	-15.0%	2.4	$ 27,045	100.0%	90.0%
3221	Pulp, Paper & Paperboard Mills	S	-24.4%	S	$ 59,805	S	S
3222	Converted Paper Product Mfg	S	21.0%	S	$ 37,633	S	S
3231	Printing & Related Support Activities	190	-39.4%	0.3	$ 23,827	100.0%	100.0%
3241	Petroleum & Coal Products Mfg	S	-66.7%	S	$ 72,123	S	S
3251	Basic Chemical Mfg	S	400.0%	S	$ 36,765	S	S
3252	Resin, Synth. Rubber, Artif. Fibers Mfg	S	-73.3%	S	$ 67,128	S	S
3253	Pesticide, Fertilizer & Other Agri. Chem. Mfg	40	62.5%	1.1	$ 27,002	S	S
3255	Paint, Coating, & Adhesive Mfg	S	-7.4%	S	$ 37,906	S	S
3256	Soap, Cleaning Compd, & Toilet Prep Mfg	20	-30.0%	0.1	$ 22,302	S	S
3259	Other Chemical Product & Prep Mfg	20	16.7%	0.2	$ 59,579	100.0%	100.0%
3261	Plastics Product Mfg	70	-49.6%	0.1	$ 32,560	100.0%	100.0%
3262	Rubber Product Mfg	S	-12.5%	S	$ 24,059	S	S
3271	Clay Product & Refractory Mfg	S	-2.3%	S	$ 26,492	S	S
3272	Glass & Glass Product Mfg	60	-53.3%	0.6	$ 36,720	100.0%	100.0%
3273	Cement & Concrete Product Mfg	240	3.5%	0.9	$ 44,961	100.0%	100.0%
3274	Lime & Gypsum Product Mfg	S	N/A	S	N/A	S	S
3279	Other Nonmetallic Mineral Product Mfg	S	-78.3%	S	$ 27,123	S	S
3311	Iron & Steel Mills & Ferroalloy Mfg	S	200.0%	S	$ 24,056	S	S
3312	Steel Product Mfg from Purchased Steel	0	N/A	N/A	N/A	N/A	N/A

3313	Alumina & Aluminum Prodctn & Proc.	0	N/A	N/A	N/A	N/A	N/A
3314	Nonferrous Metal Production & Proc.	0	N/A	N/A	N/A	N/A	N/A
3315	Foundries	S	-75.7%	S	$ 23,355	S	S
3321	Forging & Stamping	240	-24.8%	2.1	$ 30,175	S	S
3322	Cutlery & Handtool Mfg	0	N/A	N/A	N/A	N/A	N/A
3323	Architectural & Structural Metals Mfg	80	-59.4%	0.2	$ 34,060	100.0%	100.0%
3324	Boiler, Tank, & Shipping Container Mfg	S	-18.2%	S	$ 37,315	100.0%	100.0%
3325	Hardware Mfg	S	8.3%	S	$ 23,810	S	S
3326	Spring & Wire Product Mfg	80	22.2%	1.8	$ 37,185	100.0%	100.0%
3327	Machine Shops Mfg	140	-14.3%	0.3	$ 33,969	100.0%	100.0%
3328	Coating, Engraving, Heat Treatng Activ.	30	-38.5%	0.2	$ 25,694	100.0%	100.0%
3329	Other Fabricated Metal Product Mfg	300	8.6%	1.4	$ 37,292	100.0%	100.0%
3331	Ag, Construction, & Mining Machinery Mfg	50	87.5%	0.8	$ 32,129	S	S
3332	Industrial Machinery Mfg	40	-64.8%	0.2	$ 37,905	100.0%	100.0%
3333	Commercial & Svc Ind. Machinery Mfg	120	-0.8%	0.7	$ 36,717	S	S
3334	Ventil., Heatg, Air-Cond & Refrig. Mfg	0	-100.0%	N/A	N/A	N/A	N/A
3335	Metalworking Machinery Mfg	< 10	0.0%	0.01	Not Available	100.0%	100.0%
3336	Engine, Turbine & Transmissn Eqpmt Mfg	0	N/A	N/A	N/A	N/A	N/A
3339	Other General Purpose Machinery Mfg	70	-72.6%	0.3	$ 52,687	S	S
3341	Computer & Peripheral Equipment Mfg	S	-14.3%	S	S	S	S
3342	Communications Equipment Mfg	520	12.0%	1.6	$ 76,653	100.0%	100.0%
3343	Audio & Video Equipment Mfg	S	92.3%	S	$ 80,155	S	S
3344	Semiconductor & Other Elec Comp Mfg	70	-54.1%	0.1	$ 44,353	100.0%	100.0%
3345	Navigational, & Electr. Instruments Mfg	220	-14.3%	0.2	$ 43,422	100.0%	100.0%
3346	Mfg & Reprod. Magnetic, Optical Media	0	N/A	N/A	N/A	N/A	N/A
3351	Electric Lighting Equipment M Mfg	S	-63.6%	S	$ 27,617	S	S
3352	Household Appliance Mfg	S	-42.9%	S	$ 22,331	S	S
3353	Electrical Equipment Mfg	S	-34.0%	S	$ 31,078	S	S
3359	Other Elec. Equipmt & Component Mfg	0	N/A	N/A	N/A	N/A	N/A
3361	Motor Vehicle Mfg	S	700.0%	S	$ 36,941	S	S
3362	Motor Vehicle Body & Trailer Mfg	S	70.0%	S	$ 24,590	S	S
3363	Motor Vehicle Parts Mfg	30	-33.3%	0.1	$ 32,849	100.0%	100.0%
3364	Aerospace Product & Parts Mfg	20	11.8%	0.02	$ 41,672	100.0%	100.0%
3371	Househld, Instit. Furn & Kit. Cabinet Mfg	310	-1.3%	0.7	$ 27,685	100.0%	100.0%
3372	Office Furniture (including Fixtures) Mfg	30	0.0%	0.2	$ 16,081	100.0%	100.0%
3379	Other Furniture Related Product Mfg	S	N/A	S	$ 5,400	S	S
	Production Totals, Non-suppressed******	9,660	-21.1%	0.7	$ 39,566	**96.8%**	**93.8%**

* Employment rounded to nearest 100. Numbers may not add due to rounding. "S" means employment was suppressed due to confidentiality.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
*** Some size of firm data was suppressed due to confidentiality, causing a high number of industries to report 100% of their firms with less than 50 or 100 employees than actually exist. "S" means all size of firm data was suppressed for that industry.
**** Calculations made using this total may not match those in this report, as the report's findings are based on all data, including confidential data.

Logistics

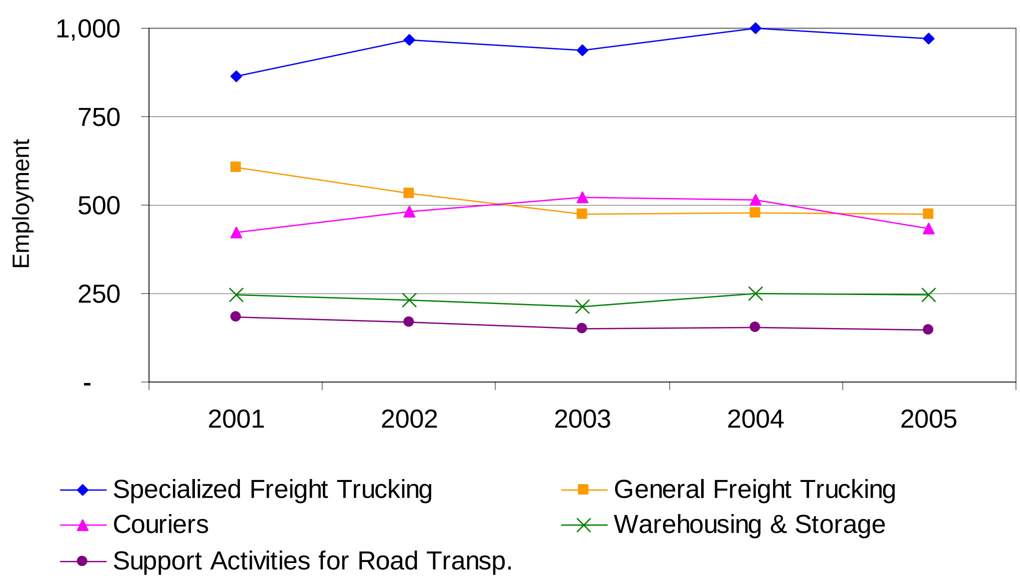
The Logistics component of the Manufacturing Value Chain provided 16.2% of the cluster's jobs in 2005, at 2,340 jobs in 2005. Logistics lost about 60 jobs from 2001 to 2005, down 2.6%, led by losses in General Freight Trucking.

Within Logistics, the largest industry is Specialized Freight Trucking, providing 970 jobs in 2005; this industry experienced growth of about 110 jobs, or 12.6%, from 2001 to 2005. The second largest industry is General Freight Trucking, with over 470 jobs in 2005, followed by Couriers, with almost 440 jobs.

From 2001 to 2005, the greatest number of jobs gained was reported by Specialized Freight Trucking, up almost 110 jobs. The greatest percentage of job growth (fastest growth) was reported by Postal Service (private industry jobs), up 1200%. This is a very small industry, and employment was suppressed due to confidentiality. (Postal Service is typically an industry classification used for the government sector; however, private firms can classify themselves as being in the Postal Service industry, as some have done here.)

Figure 58 shows the employment change for the five largest industries within Logistics, from 2001 to 2005.

Figure 58 Logistics Top Five Industries Employment 2001-2005



The Northern California Region has a lower concentration of Logistics jobs overall (0.6 LQ) than found at the statewide level; however, three industry groups reported higher concentrations than the statewide level, including Postal Service (3.2 LQ) and Specialized Freight Trucking (1.9 LQ).

Overall, the average annual wage for the Logistics industries was $34,492 in 2005, up from $29,665 in 2001, an increase of 16.3%. Other Pipeline Transportation reported the highest average wage, at $49,325; this is a very small industry. Local Messengers & Local Delivery reported the lowest, at $13,837.

Figure 59 provides a summary of economic facts for the Logistics industries.

Figure 59 Manufacturing Value Chain - Logistics

NAICS	Industry	2005 Emplymt*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 empl***	Firms with < 50 empl***
4811	Scheduled Air Transportation	S	287.5%	S	$ 20,086	S	S
4812	Nonscheduled Air Transportation	S	-63.6%	S	$ 31,183	100.0%	100.0%
4821	Rail Transportation	S	N/A	S	N/A	N/A	N/A
4831	Deep Sea, Coastal Water Transp.	0	N/A	N/A	N/A	N/A	N/A
4832	Inland Water Transportation	S	S	S	S	S	S
4841	General Freight Trucking	470	-21.9%	0.6	$ 33,630	100.0%	100.0%
4842	Specialized Freight Trucking	970	12.6%	1.9	$ 34,765	100.0%	97.0%
4861	Pipeline Transportation of Crude Oil	0	N/A	N/A	N/A	N/A	N/A
4862	Pipeline Transp. of Natural Gas	0	N/A	N/A	N/A	N/A	N/A
4869	Other Pipeline Transportation	S	350.0%	S	$ 49,325	S	S
4881	Support Activities for Air Transp.	70	-15.0%	0.4	$ 30,752	100.0	100.0%
4882	Support Activities for Rail Transp.	0	N/A	N/A	N/A	N/A	N/A
4883	Support Activities for Water Transp.	S	62.2%	S	S	S	S
4884	Support Activities for Road Transp.	140	-20.2%	0.9	$ 26,877	100.0%	100.0%
4885	Freight Transportation Arrangement	S	0.0%	S	S	S	S
4889	Other Support Activities for Transp.	0	-100.0%	N/A	N/A	N/A	N/A
4911	Postal Service	S	1200.0%	S	$ 19,982	100.0%	100.0%
4921	Couriers	440	3.1%	0.6	$ 45,165	100.0%	90.0%
4922	Local Messengers & Local Delivery	S	-56.3%	S	$ 13,837	S	S
4931	Warehousing & Storage	250	-0.4%	0.3	$ 31,480	100.0%	100.0%
	Logistics Totals, Non-supressed****	2,340	0.2%	0.6	$ 34,492	**100.0%**	**97.6%**

* Employment rounded to nearest 100. Numbers may not add due to rounding. "S" means employment was suppressed due to confidentiality.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
*** Some size of firm data was suppressed due to confidentiality, causing a high number of industries to report 100% of their firms with less than 50 or 100 employees than actually exist. "S" means all size of firm data was suppressed for that industry.
**** Calculations made using this total may not match those in this report, as the report's findings are based on all data, including confidential data.

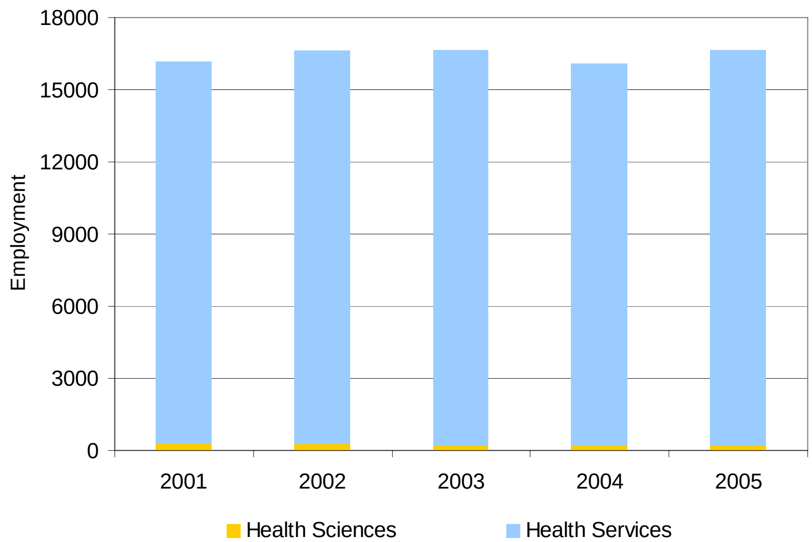
HEALTH SCIENCES & SERVICES

The Health Sciences and Services cluster integrates two critical components of the health industry: Health sciences include activities focused on the development of a body of knowledge through scientific research in medicine, pharmacology, biology, drug discovery, genomics, and many other areas. Health services focus on the delivery of health care to patients; employment in this sector is comprised of medical and support staff in many settings, including hospitals, clinics, care facilities, at home, and on-line.

The Health Sciences & Services cluster includes health care services, such as offices of physicians, dentists, other health practitioners and other outpatient care facilities; hospitals; laboratories; home health care; nursing care and other residential care facilities. It also includes community, emergency and other relief services; vocational rehabilitation services; and, death care services. Within health sciences, the cluster includes pharmaceutical and medicine manufacturing; medical equipment and supplies manufacturing; and, scientific research and development (R&D) services.

In 2005, the Health Sciences & Services cluster provided almost 16,650 jobs, or 9.5% of all jobs in the region, and experienced overall growth of about 470 jobs, or 2.9%, from 2001 to 2005. The Health Sciences component of this cluster reported about 210 jobs in 2005, and the Health Services component reported almost 16,440 jobs.

Figure 60 Health Sciences & Services Employment 2001-2005



Size of Business

From 2001 to 2005, the percentage of Health Sciences & Services businesses with fewer than 100 employees changed only slightly, from 98.0% in 2001 to 98.5% in 2005. These businesses provided 61.3% of Health Sciences & Services employment in 2001, and 59.8% in 2005. In contrast, only 1.5% of the businesses in Health Sciences & Services employ 100 or more workers, and these businesses provide 40.2% of Health Sciences & Services jobs.

Figure 61 Distribution of Firms and Jobs in Health Sciences & Services by Size of Business in 2005

Size Category (# employees)	% of Firms	% of Employment*
0-4	53.3%	7.8%
5-9	23.2%	11.0%
10-19	12.7%	12.2%
20-49	6.9%	15.6%
50-99	2.4%	13.1%
100-249	0.8%	14.8%
250-499	0.6%	16.0%
500+	0.2%	9.3%

* Percentages may not add to 100% due to rounding.

Businesses with fewer than 50 employees provided 46.7% of all Health Sciences & Services jobs in 2005; in comparison, businesses with fewer than 50 employees provided 68.5% of all of the region's private industry jobs. Looking at the smallest firms, those with fewer than 10 employees provided 18.9% of all Health Sciences & Services jobs, compared to 27.8% of all private industry jobs.

Health Sciences reported 100.0% of its firms as having fewer than 100 employees in 2005, while Health Services reported 98.4%. The percentage of Health Sciences & Services firms with fewer than 100 employees and fewer than 50 employees, by cluster component, is included in **Figure 62**.

The Northern California Region has a slightly higher concentration of Health Sciences & Services jobs (1.1 LQ) than found at the statewide level. Health Services has the highest concentration of the two components (1.2 LQ), while Health Sciences has a very low concentration (0.1 LQ).

Figure 62 provides a summary of facts for the Health Sciences & Services cluster components.

Figure 62 Health Sciences & Services

Component	2005 Empl*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 Empl***	Firms with < 50 Empl***
Health Sciences	210	-30.3%	0.1	$ 31,363	100.0%	100.0%
Health Services	16,440	3.5%	1.2	$ 34,729	98.4%	96.0%
Health Sciences & Svcs Totals	**16,650**	**2.9%**	**1.1**	**$ 34,687**	**98.5%**	**96.1%**

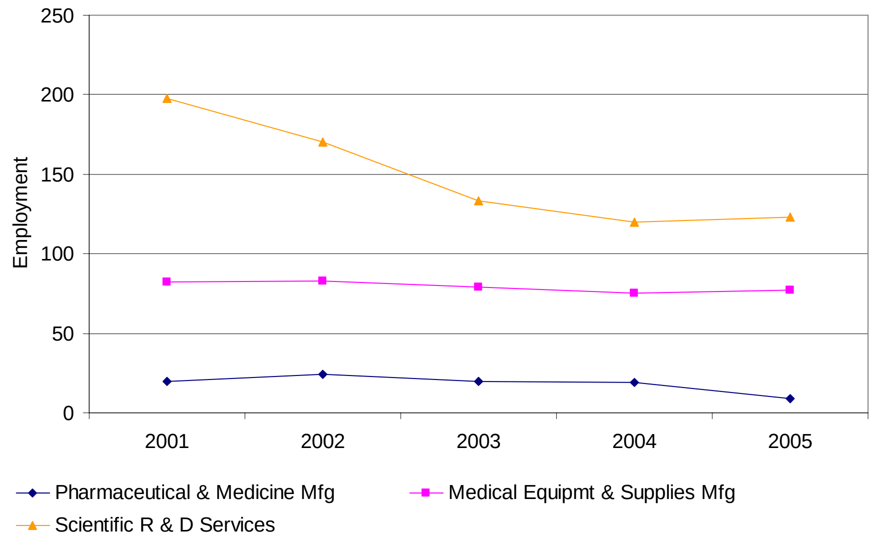
* Employment rounded to nearest 10. Total employment may not equal sum of components due to rounding.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
*** Some size of firm data was suppressed due to confidentiality, causing a high number of industries to report 100% of their firms with less than 50 or 100 employees than actually exist. "S" means all size of firm data was suppressed for that industry.

Health Sciences

Health Sciences is the smaller of the two components in the region's Health Sciences & Services cluster, reporting about 210 jobs in 2005. Health Sciences experienced job losses of 30.3% from 2001 to 2005, a loss of about 90 jobs. All three sub-sectors reported losses for this period.
The largest industry group within Health Sciences is Scientific Research & Development Services, with over 120 jobs in 2005. This sub-sector reported 75 jobs lost, down 37.9%. During this period, Medical Equipment & Supplies Manufacturing reported the loss of only 5 jobs (-6.1%), and Pharmaceutical & Medicine Manufacturing lost about 10 jobs (-55%).

Figure 63 shows employment change for the Health Sciences industry groups from 2001 to 2005.

Figure 63 Health Sciences Industries Employment 2001-2005



The region has an extremely low concentration of Health Sciences jobs (0.1 LQ) compared to the statewide level, and this is true for all three industry groups within Health Sciences.

The average annual wage for Health Sciences was $31,363 in 2005, which represents an increase of 1.6% since 2001. The Health Sciences average annual wage is higher than the regional average for all private industry of $27,762. Within Health Sciences, the highest average wage was reported by Scientific Research & Development Services, at $33,055; the lowest was reported by Pharmaceutical & Medicine Manufacturing, at $26,936.

Figure 64 provides a summary of economic facts for the Health Sciences industries.

Figure 64 Health Sciences & Services Cluster - Health Sciences

NAICS	Industry	2005 Employmt*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 Empl***	Firms with < 50 Empl***
3254	Pharmaceutical & Medicine Mfg	10	-55.0%	0.02	$ 26,936	S	S
3391	Medical Equipment & Supplies Mfg	80	-6.1%	0.1	$ 29,177	100.0%	100.0%
5417	Scientific R & D Svcs	120	-37.9%	0.1	$ 33,055	100.0%	100.0%
	Health Sciences Totals	210	-30.3%	0.1	$ 31,363	**100.0%**	**100.0%**

* Employment rounded to nearest 10.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
*** Some size of firm data was suppressed due to confidentiality, causing a high number of industries to report 100% of their firms with less than 50 or 100 employees than actually exist. "S" means all size of firm data was suppressed for that industry.

Health Services

Health Services is the largest component of the Health Sciences & Services cluster. Health Services reported almost 16,440 jobs in 2005, an increase of 560 jobs or 3.5% since 2001.

Within the cluster, the General Medical & Surgical Hospitals industry provides the most jobs, with 5,010 jobs in 2005. This industry experienced a loss of just over 60 jobs, down 1.3%, from 2001 to 2005. In contrast, the second largest industry, Offices of Physicians, reported 3,300 jobs in 2005, and experienced job growth of 530 jobs, up 19.1% during the period. This was the largest number of jobs gained by a Health Services industry group during this period. The fastest growth (greatest percentage of growth) was reported by Community Care Facilities for the Elderly, up 49.8%.

Figure 65 shows the employment change from 2001 to 2005 for the five largest Heath Services industries. **Figure 66** shows employment change for the remaining industries. Two charts were used in an effort to make the charts easier to read.

Figure 65 Health Services Top Five Industries Employment 2001-2005

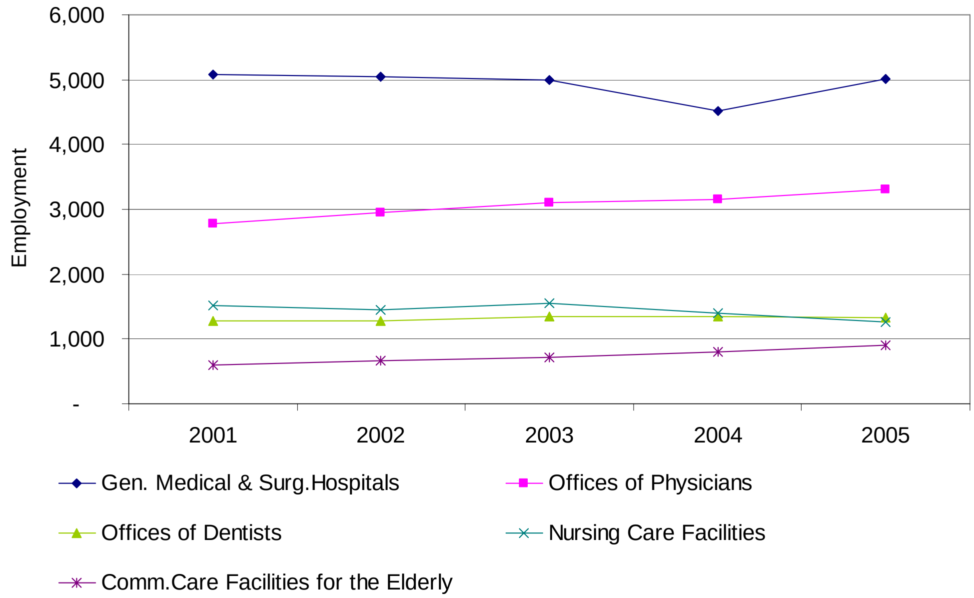
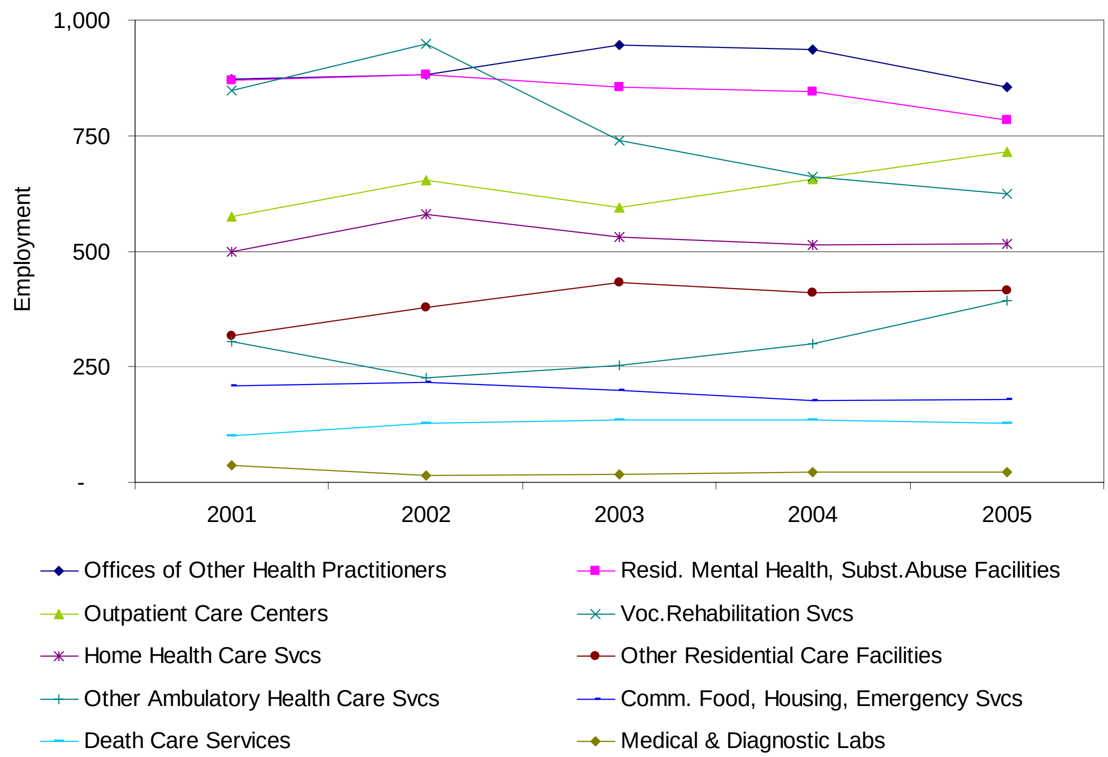


Figure 66 Health Services Remaining Industries Employment 2001-2005



Overall, the region has a higher concentration of Health Services jobs (1.2 LQ) than at the statewide level. A number of industries within Health Services have a higher concentration than found statewide. The highest of these are Other Residential Care Facilities (1.9 LQ), Other Ambulatory Health Care Services (1.7 LQ), and Vocational Rehabilitation Services (1.6 LQ).

The average annual wage for Health Services was $34,729 in 2005, up 22.4% since 2001. Within Health Services, the General Medical & Surgical Hospitals industry reported the highest average wage of $46,045, while Community Care Facilities for the Elderly reported the lowest average wage of $15,694.

Figure 67 provides a summary of economic facts for the Health Services industries.

Figure 67 Health Sciences & Services Cluster - Health Services

NAICS	Industry	2005 Employmt*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 Empl***	Firms with < 50 Empl***
6211	Offices of Physicians	3,300	19.1%	1.3	$ 41,655	100.0%	98.4%
6212	Offices of Dentists	1,340	4.0%	1.1	$ 31,003	100.0%	100.0%
6213	Offices of Other Health Practitioners	860	-1.8%	1.4	$ 24,224	100.0%	100.0%
6214	Outpatient Care Centers	720	24.3%	1.3	$ 37,430	100.0%	82.6%
6215	Medical & Diagnostic Labs	20	-43.2%	0.1	$ 40,868	100.0%	100.0%
6216	Home Health Care Services	520	3.6%	0.9	$ 26,854	100.0%	83.3%
6219	Other Ambulatory Health Care Svcs	390	29.3%	1.7	$ 25,499	100.0%	100.0%
6221	Gen. Medical & Surgical Hospitals	5,010	-1.3%	1.2	$ 46,045	50.0%	50.0%
6222	Psych. & Subst. Abuse Hospitals	0	N/A	N/A	N/A	N/A	N/A
6223	Specialty Hospitals	0	N/A	N/A	N/A	N/A	N/A
6231	Nursing Care Facilities	1,250	-17.0%	1.1	$ 26,115	73.7%	36.8%
6232	Residential Mental Health & Substance Abuse Facilities	780	-10.0%	1.5	$ 20,495	100.0%	89.7%
6233	Community Care Facilities for Elderly	900	49.8%	1.5	$ 15,694	100.0%	93.1%
6239	Other Residential Care Facilities	420	31.6%	1.9	$ 20,677	100.0%	100.0%
6242	Community Food, Housing, Emergency & Other Relief Svcs	180	-14.8%	1.1	$ 17,511	100.0%	100.0%
6243	Vocational Rehabilitation Services	620	-26.3%	1.6	$ 16,616	100.0%	100.0%
8122	Death Care Services	130	27.0%	1.1	$ 29,976	100.0%	100.0%
	Health Services Totals	**16,440**	**3.5%**	**1.2**	**$34,729**	**98.4%**	**96.0%**

* Employment rounded to nearest 100. Numbers may not add due to rounding.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
*** Some size of firm data was suppressed due to confidentiality, causing a high number of industries to report 100% of their firms with less than 50 or 100 employees than actually exist. "S" means all size of firm data was suppressed for that industry.

ALL GOVERNMENT

All Government includes federal, state and local government jobs. Jobs in public education are reported in the state and local government sectors. Government jobs also include defense (reported at the federal level), law enforcement, firefighting and public services.

All Government continues to provide the greatest number of jobs for the Northern California Region, with 49,680 jobs for the region in 2005, or 28.4% of all jobs. From 2001 to 2005, All Government reported job growth of 1,500 jobs, or 3.1%.

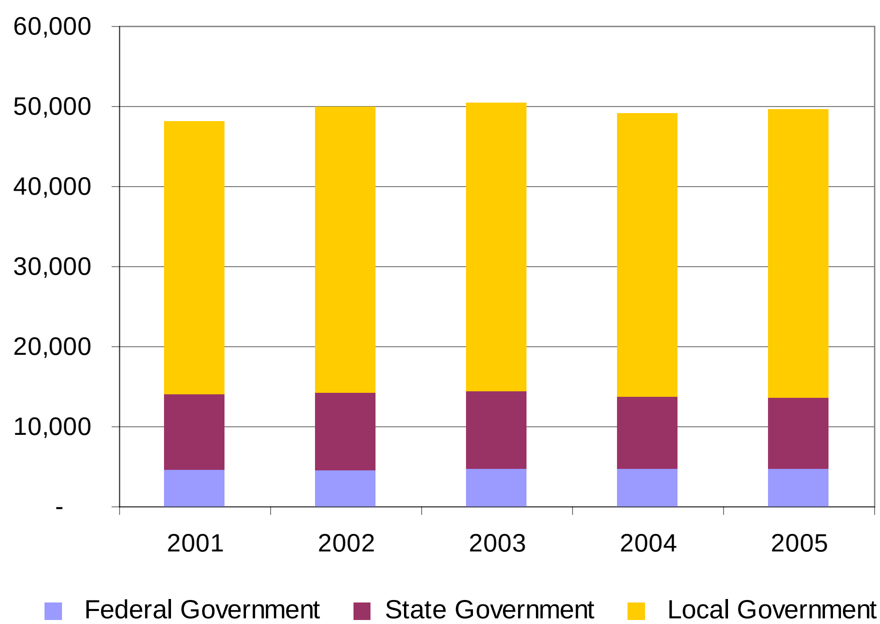
Local Government is by far the largest public sector, with 36,140 jobs in 2005. Federal Government reported 4,800 jobs and State Government, reported 8,730 jobs.

During this period, Local Government (including education) added 2,070 jobs from 2001 to 2005, up 6.1%. (There was no breakdown available between Local Government Education and non-education jobs.)

Federal Government (including education) also reported job growth, up 240 jobs, or 5.3%, while State Government reported the loss of 820 jobs (-8.6%).

Figure 68 shows employment change for the federal, state and local public sectors.

Figure 68 All Government Employment 2001-2005



All Government average annual wages include the wages for a broad spectrum of jobs, including elected officials and executive branch, judicial, defense, law enforcement, firefighting, education and other public administration jobs. The sector's average annual wage for the region in 2005 was $36,489. Within All Government, the average annual wage for Federal Government was $48,971; the average for State Government was $42,592; and, the average annual wage for Local Government was $33,486.

The region has a higher concentration of All Government jobs (1.8 LQ) compared to the statewide level.

Figure 69 shows employment for each level of government from 2001-2005.

Figure 69 All Government

	2001	2002	2003	2004	2005
All Government	**48,180**	**49,980**	**50,450**	**49260**	**49,680**
Federal Government	**4,560**	**4,630**	**4,760**	**4740**	**4,800**
Department of Defense	S	S	S	S	S
Other Federal Government	2,970	3,080	3,110	3050	3070
State Government	**9,550**	**9,560**	**9,670**	**8970**	**8,730**
State Government Education	2,000	2,000	1,900	1800	1,800
Other State Government	7,550	7,560	7,670	7170	1,400
Local Government	**34,070**	**35,820**	**36,030**	**35540**	**36,140**
Local Government Education	S	S	S	S	S
Other Local Government	S	S	S	S	S

Source: California Employment Development Department
Some government employment may be suppressed due to confidentiality requirements. "S" means suppressed.

CONCLUSION

The Northern California Region experienced very slight overall job growth (0.1%) from 2001 to 2005, ranking eighth among the nine regions. While employment grew by only 0.1%, the region's population grew by 3.2%. This may be, at least in part, due to the fact that many people are moving to rural areas for their retirement and/or for a better quality of life. Housing costs in the Northern California Region tend to be lower than in the nearby urban regions, and due to technology, more people can work from remote locations.

A recent study prepared for the California Regional Economies Project identified the "Regional Experience" industry cluster, which includes a diverse set of quality-of-life related industries and is becoming increasingly important part of rural California economies. "This cluster generates added value from the unique regional combination of natural, historical, cultural, educational, leisure, and eating, drinking, and shopping experiences. By doing so, it enables the region to attract visitors, residents, and businesses on the basis of distinctive quality rather than lowest cost, which can help improve economic opportunity and wages over time. [7]" The report also identifies a quality-of-place infrastructure that supports this range of experiences for residents and visitors, which includes residential, global connections (including high tech connectivity) and community infrastructures. This cluster provides an opportunity for growth in the future.

Another study shows that entrepreneurship is very important for the Northern California Region, and that, "over 80% of net growth in establishments in these rural regions can be attributed to sectors related to regional experience, health, and innovation services."[8]

This provides the Northern California Region with opportunities for future prosperity, despite slow growth from 2001 to 2005 and losses in its economic base jobs. The region can take advantage of these opportunities by supporting entrepreneurship and growth industries within the Regional Experience and Health Sciences & Services industry clusters, and industries that promote innovation, referred to as "innovation services" by the California Regional Economies Project study, *Patterns of Entrepreneurship in Rural California*[9].

Challenges include sustaining a business environment that fosters entrepreneurship; sustaining the natural resources and quality-of-place infrastructures that enhance quality of life for residents and visitors; and, providing education and job training opportunities for the workforce that support innovation and the diversification of the economy.

It will be important for policy-makers to respond to these challenges and opportunities in ways that nurture entrepreneurship and innovation, take advantage of growing industry clusters, provide career opportunities for the workforce, and allow residents and visitors to have experiences that enhance their quality of life.

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[7] Source: California Regional Economies Project, *Creating Economic Opportunity and Jobs from Quality of Life Experiences in Rural California* (2004)

[8] Source: California Regional Economies Project, *Patterns of Entrepreneurship in Rural California* (2005)

[9] Innovation Services industries may be found within the Professional, Business & Information Services sector, and include technical, managerial, and related consulting services that help businesses to innovate products, processes and more.

TABLE OF FIGURES

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